

Adopted	Rejected
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COMMITTEE REPORT

YES:	21
NO:	0

MR. SPEAKER:

Your Committee on Ways and Means, to which was referred Senate Bill 260, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 6-1.1-3-17 IS AMENDED TO READ AS
- 4 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
- 5 Sec. 17. (a) On or before June 1 of each year, each township assessor
- 6 of a county shall deliver to the county assessor a list which states by
- 7 taxing district the total of the personal property assessments as shown
- 8 on the personal property returns filed with the assessor on or before the
- 9 filing date of that year and in a county with a township assessor under
- 10 IC 36-6-5-1 in every township the township assessor shall deliver the
- 11 lists to the county auditor as prescribed in subsection (b).
- 12 (b) On or before July 1 of each year, each county assessor shall
- 13 certify to the county auditor the assessment value of the personal
- 14 property in every taxing district.
- 15 (c) The department of local government finance shall prescribe the

1 forms required by this section.

2 **(d) The county auditor may after complying with IC 6-1.1-17-1**
 3 **adjust the list of taxable property received under this section to**
 4 **reflect deductions and exemptions granted after the date the list is**
 5 **prepared."**

6 Page 2, line 12, delete "earlier" and insert "earliest".

7 Page 2, line 17, delete "or".

8 Page 2, line 19, delete "." and insert "; or

9 **(3) the date on which a building permit is issued for**
 10 **construction of a building or structure on the land."**

11 Page 2, between lines 21 and 22, begin a new paragraph and insert:

12 "SECTION 3. IC 6-1.1-5-14, AS AMENDED BY P.L.88-2005,
 13 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 14. Not later than May
 15 15 each assessing official shall prepare and deliver to the county
 16 assessor a detailed list of the real property listed for taxation in the
 17 township. On or before July 1 of each year, each county assessor shall,
 18 under oath, prepare and deliver to the county auditor a detailed list of
 19 the real property listed for taxation in the county. In a county with an
 20 elected township assessor in every township the township assessor shall
 21 prepare the real property list. The assessing officials and the county
 22 assessor shall prepare the list in the form prescribed by the department
 23 of local government finance. The township assessor shall ensure that
 24 the county assessor has full access to the assessment records maintained
 25 by the township assessor. **The county auditor may after complying**
 26 **with IC 6-1.1-17-1 adjust the list of taxable property received under**
 27 **this section to reflect deductions and exemptions granted after the**
 28 **date the list is prepared."**

29 Page 5, between lines 18 and 19, begin a new paragraph and insert:

30 "SECTION 7. IC 6-1.1-9-10 IS ADDED TO THE INDIANA
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS
 32 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **Sec. 10. (a) If**
 33 **in the course of a review of a taxpayer's personal property**
 34 **assessment under this chapter an assessing official or the assessing**
 35 **official's representative discovers an error indicating that the**
 36 **taxpayer has overreported a personal property assessment, the**
 37 **assessing official shall:**

38 **(1) adjust the personal property assessment to correct the**

1 **error; and**

2 **(2) process a refund or credit for any resulting overpayment.**

3 **(b) Application of subsection (a) is subject to the restrictions of**
 4 **IC 6-1.1-11-1.**

5 SECTION 8. IC 6-1.1-10.1-11 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
 7 Sec. 11. (a) A high impact business that desires to obtain the property
 8 tax credit provided by section 10 of this chapter must file a certified
 9 credit application, on forms prescribed by the department of local
 10 government finance, with the auditor of the county in which the
 11 inventory is located. The credit application must be filed ~~on or~~ before
 12 **May 15 August 1** each year. If the high impact business obtains a filing
 13 extension under IC 6-1.1-3-7(b) for any year, the application for the
 14 year must be filed by the extended due date for that year.

15 (b) The property tax credit application required by this section must
 16 contain the following information:

17 (1) The name of the high impact business owning the inventory.

18 (2) A description of the inventory for which a property tax credit
 19 is claimed in sufficient detail to afford identification.

20 (3) The assessed value of the inventory subject to the property tax
 21 credit.

22 (4) Any other information considered necessary by the department
 23 of local government finance.

24 (c) On verification of the correctness of a property tax credit
 25 application by the assessors of the townships in which the inventory is
 26 located, the county auditor shall grant the property tax credit.

27 (d) The property tax credit and the period of the credit provided for
 28 inventory under section 10 of this chapter are not affected by a change
 29 in the ownership of the high impact business if the new owner of the
 30 high impact business owning the inventory:

31 (1) continues the business operation of the high impact business
 32 within the commission's jurisdiction and maintains employment
 33 levels within the commission's jurisdiction consistent with the
 34 certification and pledge required under section 9(a) of this
 35 chapter; and

36 (2) files an application in the manner provided by subsections (a)
 37 and (b).

38 SECTION 9. IC 6-1.1-11-3 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:

Sec. 3. (a) Subject to subsections (e) ~~and~~ (f), **and (g)**, an owner of tangible property who wishes to obtain an exemption from property taxation shall file a certified application in duplicate with the county assessor of the county in which the property that is the subject of the exemption is located. The application must be filed annually ~~on or~~ before ~~May 15~~ **August 1** on forms prescribed by the department of local government finance. Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

(1) A description of the property claimed to be exempt in sufficient detail to afford identification.

(2) A statement showing the ownership, possession, and use of the property.

(3) The grounds for claiming the exemption.

(4) The full name and address of the applicant.

(5) For the year that ends on the assessment date of the property, identification of:

(A) each part of the property used or occupied; and

(B) each part of the property not used or occupied;

for one (1) or more exempt purposes under IC 6-1.1-10 during the time the property is used or occupied.

(6) Any additional information which the department of local government finance may require.

(d) A person who signs an exemption application shall attest in writing and under penalties of perjury that, to the best of the person's knowledge and belief, a predominant part of the property claimed to be exempt is not being used or occupied in connection with a trade or business that is not substantially related to the exercise or performance of the organization's exempt purpose.

(e) An owner must file with an application for exemption of real property under subsection (a) or section 5 of this chapter a copy of the township assessor's record kept under IC 6-1.1-4-25(a) that shows the

1 calculation of the assessed value of the real property for the assessment
 2 date for which the exemption is claimed. Upon receipt of the exemption
 3 application, the county assessor shall examine that record and
 4 determine if the real property for which the exemption is claimed is
 5 properly assessed. If the county assessor determines that the real
 6 property is not properly assessed, the county assessor shall direct the
 7 township assessor of the township in which the real property is located
 8 to:

9 (1) properly assess the real property; and

10 (2) notify the county assessor and county auditor of the proper
 11 assessment.

12 (f) If the county assessor determines that the applicant has not filed
 13 with an application for exemption a copy of the record referred to in
 14 subsection (e), the county assessor shall notify the applicant in writing
 15 of that requirement. The applicant then has thirty (30) days after the
 16 date of the notice to comply with that requirement. The county property
 17 tax assessment board of appeals shall deny an application described in
 18 this subsection if the applicant does not comply with that requirement
 19 within the time permitted under this subsection.

20 **(g) This subsection applies whenever a law requires an**
 21 **exemption to be claimed on or in an application accompanying a**
 22 **personal property tax return. The claim or application may be filed**
 23 **on or with a personal property tax return not more than thirty (30)**
 24 **days after the filing date for the personal property tax return,**
 25 **regardless of whether an extension of the filing date has been**
 26 **granted under IC 6-1.1-3-7.**

27 SECTION 10. IC 6-1.1-11-3.5 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
 29 Sec. 3.5. (a) A not-for-profit corporation that seeks an exemption
 30 provided by IC 6-1.1-10 for 2000 or for a year that follows 2000 by a
 31 multiple of two (2) years must file an application for the exemption in
 32 that year. However, if a not-for-profit corporation seeks an exemption
 33 provided by IC 6-1.1-10 for a year not specified in this subsection and
 34 the corporation did not receive the exemption for the preceding year,
 35 the corporation must file an application for the exemption in the year
 36 for which the exemption is sought. The not-for-profit corporation must
 37 file each exemption application in the manner (other than the
 38 requirement for filing annually) prescribed in section 3 of this chapter.

(b) A not-for-profit corporation that receives an exemption provided under IC 6-1.1-10 for a particular year that remains eligible for the exemption for the following year is only required to file a statement to apply for the exemption in the years specified in subsection (a), if the use of the not-for-profit corporation's property remains unchanged.

(c) A not-for-profit corporation that receives an exemption provided under IC 6-1.1-10 for a particular year which becomes ineligible for the exemption for the following year shall notify the assessor of the county in which the tangible property for which it claims the exemption is located of its ineligibility ~~on or~~ before ~~May 15~~ **August 1** of the year for which it becomes ineligible. If a not-for-profit corporation that is receiving an exemption provided under IC 6-1.1-10 changes the use of its tangible property so that part or all of that property no longer qualifies for the exemption, the not-for-profit corporation shall notify the assessor of the county in which the tangible property for which it claims the exemption is located of its ineligibility ~~on or~~ before ~~May 15~~ **August 1** of the year for which it first becomes ineligible. The county assessor shall immediately notify the county auditor of the not-for-profit corporation's ineligibility or disqualification for the exemption. A not-for-profit corporation that fails to provide the notification required by this subsection is subject to the penalties set forth in IC 6-1.1-37-9.

(d) For each year that is not a year specified in subsection (a), the auditor of each county shall apply an exemption provided under IC 6-1.1-10 to the tangible property owned by a not-for-profit corporation that received the exemption in the preceding year unless the county property tax assessment board of appeals determines that the not-for-profit corporation is no longer eligible for the exemption.

(e) The department of local government finance may at any time review an exemption provided under this section and determine whether or not the not-for-profit corporation is eligible for the exemption."

Page 5, line 27, strike "twelve (12)" and insert "**fifteen (15)**".

Page 5, line 28, delete "June 11" and insert "~~++~~ **August 1**".

Page 6, line 37, strike "twelve (12)" and insert "**fifteen (15)**".

Page 6, line 37, delete "June 11" and insert "~~++~~ **August 1**".

Page 7, line 20, strike "twelve (12)" and insert "**fifteen (15)**".

Page 7, line 21, delete "June 11" and insert "~~++~~ **August 1**".

- 1 Page 8, line 19, strike "twelve (12)" and insert "**fifteen (15)**".
- 2 Page 8, line 20, delete "June 11" and insert "~~++~~ **August 1**".
- 3 Page 9, line 4, strike "twelve (12)" and insert "**fifteen (15)**".
- 4 Page 9, line 4, delete "June 11" and insert "~~++~~ **August 1**".
- 5 Page 9, line 41, strike "twelve (12)" and insert "**fifteen (15)**".
- 6 Page 9, line 41, delete "June 11" and insert "~~++~~ **August 1**".
- 7 Page 10, line 26, strike "twelve (12)" and insert "**fifteen (15)**".
- 8 Page 10, line 27, delete "June 11" and insert "~~++~~ **August 1**".
- 9 Page 11, line 19, delete "June 10" and insert "~~+0~~ **August 1**".
- 10 Page 11, between lines 36 and 37, begin a new paragraph and insert:
- 11 "SECTION 15. IC 6-1.1-12-20 IS AMENDED TO READ AS
- 12 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
- 13 Sec. 20. (a) A property owner who desires to obtain the deduction
- 14 provided by section 18 of this chapter must file a certified deduction
- 15 application, on forms prescribed by the department of local government
- 16 finance, with the auditor of the county in which the rehabilitated
- 17 property is located. The application may be filed in person or by mail.
- 18 If mailed, the mailing must be postmarked on or before the last day for
- 19 filing. Except as provided in subsection (b), the application must be
- 20 filed before ~~May +0~~ **August 1** of the year in which the addition to
- 21 assessed value is made.
- 22 (b) If notice of the addition to assessed value for any year is not
- 23 given to the property owner before ~~April +0~~ **July 16** of that year, the
- 24 application required by this section may be filed not later than thirty
- 25 (30) days after the date such a notice is mailed to the property owner at
- 26 the address shown on the records of the township assessor.
- 27 (c) The application required by this section shall contain the
- 28 following information:
- 29 (1) a description of the property for which a deduction is claimed
- 30 in sufficient detail to afford identification;
- 31 (2) statements of the ownership of the property;
- 32 (3) the assessed value of the improvements on the property before
- 33 rehabilitation;
- 34 (4) the number of dwelling units on the property;
- 35 (5) the number of dwelling units rehabilitated;
- 36 (6) the increase in assessed value resulting from the rehabilitation;
- 37 and
- 38 (7) the amount of deduction claimed.

(d) A deduction application filed under this section is applicable for the year in which the increase in assessed value occurs and for the immediately following four (4) years without any additional application being filed.

(e) On verification of an application by the assessor of the township in which the property is located, the county auditor shall make the deduction.

SECTION 16. IC 6-1.1-12-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:

Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b), the application must be filed before ~~May 10~~ **August 1** of the year in which the addition to assessed valuation is made.

(b) If notice of the addition to assessed valuation for any year is not given to the property owner before ~~April 10~~ **July 1** of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township assessor.

(c) The application required by this section shall contain the following information:

- (1) the name of the property owner;
- (2) a description of the property for which a deduction is claimed in sufficient detail to afford identification;
- (3) the assessed value of the improvements on the property before rehabilitation;
- (4) the increase in the assessed value of improvements resulting from the rehabilitation; and
- (5) the amount of deduction claimed.

(d) A deduction application filed under this section is applicable for the year in which the addition to assessed value is made and in the immediate following four (4) years without any additional application being filed.

(e) On verification of the correctness of an application by the

1 assessor of the township in which the property is located, the county
2 auditor shall make the deduction.

3 SECTION 17. IC 6-1.1-12-30 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:

5 Sec. 30. Except as provided in section 36 of this chapter, a person who
6 desires to claim the deduction provided by section 29 of this chapter
7 must file a certified statement in duplicate, on forms prescribed by the
8 department of local government finance, with the auditor of the county
9 in which the real property or mobile home is subject to assessment.
10 With respect to real property, the person must file the statement
11 between March 1 and ~~May 10~~ **August 1**, inclusive, of each year for
12 which the person desires to obtain the deduction. With respect to a
13 mobile home which is not assessed as real property, the person must
14 file the statement between January 15 and March 31, inclusive, of each
15 year for which the person desires to obtain the deduction. On
16 verification of the statement by the assessor of the township in which
17 the real property or mobile home is subject to assessment, the county
18 auditor shall allow the deduction.

19 SECTION 18. IC 6-1.1-12-35.5, AS AMENDED BY P.L.214-2005,
20 SECTION 12, IS AMENDED TO READ AS FOLLOWS
21 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 35.5. (a)

22 Except as provided in section 36 of this chapter, a person who desires
23 to claim the deduction provided by section 31, 33, 34, or 34.5 of this
24 chapter must file a certified statement in duplicate, on forms prescribed
25 by the department of local government finance, and proof of
26 certification under subsection (b) or (f) with the auditor of the county
27 in which the property for which the deduction is claimed is subject to
28 assessment. Except as provided in subsection (e), with respect to
29 property that is not assessed under IC 6-1.1-7, the person must file the
30 statement between March 1 and ~~May 10~~ **August 1**, inclusive, of the
31 assessment year. The person must file the statement in each year for
32 which the person desires to obtain the deduction. With respect to a
33 property which is assessed under IC 6-1.1-7, the person must file the
34 statement between January 15 and March 31, inclusive, of each year for
35 which the person desires to obtain the deduction. The statement may be
36 filed in person or by mail. If mailed, the mailing must be postmarked
37 on or before the last day for filing. On verification of the statement by
38 the assessor of the township in which the property for which the

1 deduction is claimed is subject to assessment, the county auditor shall
2 allow the deduction.

3 (b) This subsection does not apply to an application for a deduction
4 under section 34.5 of this chapter. The department of environmental
5 management, upon application by a property owner, shall determine
6 whether a system or device qualifies for a deduction provided by
7 section 31, 33, or 34 of this chapter. If the department determines that
8 a system or device qualifies for a deduction, it shall certify the system
9 or device and provide proof of the certification to the property owner.
10 The department shall prescribe the form and manner of the certification
11 process required by this subsection.

12 (c) This subsection does not apply to an application for a deduction
13 under section 34.5 of this chapter. If the department of environmental
14 management receives an application for certification before ~~April 10~~
15 **July 1** of the assessment year, the department shall determine whether
16 the system or device qualifies for a deduction before ~~May 10~~ **August**
17 **1** of the assessment year. If the department fails to make a
18 determination under this subsection before ~~May 10~~ **August 1** of the
19 assessment year, the system or device is considered certified.

20 (d) A denial of a deduction claimed under section 31, 33, 34, or 34.5
21 of this chapter may be appealed as provided in IC 6-1.1-15. The appeal
22 is limited to a review of a determination made by the township assessor,
23 county property tax assessment board of appeals, or department of local
24 government finance.

25 (e) A person who timely files a personal property return under
26 IC 6-1.1-3-7(a) for an assessment year and who desires to claim the
27 deduction provided in section 31 of this chapter for property that is not
28 assessed under IC 6-1.1-7 must file the statement described in
29 subsection (a) between March 1 and ~~May 15~~ **August 1**, inclusive, of
30 that year. A person who obtains a filing extension under IC 6-1.1-3-7(b)
31 for an assessment year must file the application between March 1 and
32 the extended due date for that year.

33 (f) This subsection applies only to an application for a deduction
34 under section 34.5 of this chapter. The center for coal technology
35 research established by IC 4-4-30-5, upon receiving an application from
36 the owner of a building, shall determine whether the building qualifies
37 for a deduction under section 34.5 of this chapter. If the center
38 determines that a building qualifies for a deduction, the center shall

1 certify the building and provide proof of the certification to the owner
 2 of the building. The center shall prescribe the form and procedure for
 3 certification of buildings under this subsection. If the center receives an
 4 application for certification of a building under section 34.5 of this
 5 chapter before ~~April 10~~ **July 1** of an assessment year:

6 (1) the center shall determine whether the building qualifies for a
 7 deduction before ~~May 10~~ **August 1** of the assessment year; and

8 (2) if the center fails to make a determination before ~~May 10~~
 9 **August 1** of the assessment year, the building is considered
 10 certified.

11 SECTION 19. IC 6-1.1-12-38 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:

13 Sec. 38. (a) A person is entitled to a deduction from the assessed value
 14 of the person's property in an amount equal to the difference between:

15 (1) the assessed value of the person's property, including the
 16 assessed value of the improvements made to comply with the
 17 fertilizer storage rules adopted by the state chemist under
 18 IC 15-3-3-12 and the pesticide storage rules adopted by the state
 19 chemist under IC 15-3-3.5-11; minus

20 (2) the assessed value of the person's property, excluding the
 21 assessed value of the improvements made to comply with the
 22 fertilizer storage rules adopted by the state chemist under
 23 IC 15-3-3-12 and the pesticide storage rules adopted by the state
 24 chemist under IC 15-3-3.5-11.

25 (b) To obtain the deduction under this section, a person must file a
 26 certified statement in duplicate, on forms prescribed by the department
 27 of local government finance, with the auditor of the county in which the
 28 property is subject to assessment. In addition to the certified statement,
 29 the person must file a certification by the state chemist listing the
 30 improvements that were made to comply with the fertilizer storage rules
 31 adopted under IC 15-3-3-12 and the pesticide storage rules adopted by
 32 the state chemist under IC 15-3-3.5-11. The statement and certification
 33 must be filed before ~~May 10~~ **August 1** of the year preceding the year
 34 the deduction will first be applied. Upon the verification of the
 35 statement and certification by the assessor of the township in which the
 36 property is subject to assessment, the county auditor shall allow the
 37 deduction."

38 Page 11, line 38, delete "[EFFECTIVE JULY 1, 2006]:" and insert

1 "[EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:".

2 Page 17, between lines 41 and 42, begin a new paragraph and insert:

3 "SECTION 16. IC 6-1.1-12.1-5, AS AMENDED BY P.L.193-2005,
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 5. (a) A property owner
6 who desires to obtain the deduction provided by section 3 of this
7 chapter must file a certified deduction application, on forms prescribed
8 by the department of local government finance, with the auditor of the
9 county in which the property is located. Except as otherwise provided
10 in subsection (b) or (e), the deduction application must be filed before
11 ~~May 10~~ **August 1** of the year in which the addition to assessed
12 valuation is made.

13 (b) If notice of the addition to assessed valuation or new assessment
14 for any year is not given to the property owner before ~~April 10~~ **July 1**
15 of that year, the deduction application required by this section may be
16 filed not later than thirty (30) days after the date such a notice is mailed
17 to the property owner at the address shown on the records of the
18 township assessor.

19 (c) The deduction application required by this section must contain
20 the following information:

- 21 (1) The name of the property owner.
- 22 (2) A description of the property for which a deduction is claimed
- 23 in sufficient detail to afford identification.
- 24 (3) The assessed value of the improvements before rehabilitation.
- 25 (4) The increase in the assessed value of improvements resulting
- 26 from the rehabilitation.
- 27 (5) The assessed value of the new structure in the case of
- 28 redevelopment.
- 29 (6) The amount of the deduction claimed for the first year of the
- 30 deduction.
- 31 (7) If the deduction application is for a deduction in a residentially
- 32 distressed area, the assessed value of the improvement or new
- 33 structure for which the deduction is claimed.

34 (d) A deduction application filed under subsection (a) or (b) is
35 applicable for the year in which the addition to assessed value or
36 assessment of a new structure is made and in the following years the
37 deduction is allowed without any additional deduction application
38 being filed. However, property owners who had an area designated an

1 urban development area pursuant to a deduction application filed prior
 2 to January 1, 1979, are only entitled to a deduction for a five (5) year
 3 period. In addition, property owners who are entitled to a deduction
 4 under this chapter pursuant to a deduction application filed after
 5 December 31, 1978, and before January 1, 1986, are entitled to a
 6 deduction for a ten (10) year period.

7 (e) A property owner who desires to obtain the deduction provided
 8 by section 3 of this chapter but who has failed to file a deduction
 9 application within the dates prescribed in subsection (a) or (b) may file
 10 a deduction application between March 1 and ~~May 10~~ **August 1** of a
 11 subsequent year which shall be applicable for the year filed and the
 12 subsequent years without any additional deduction application being
 13 filed for the amounts of the deduction which would be applicable to
 14 such years pursuant to section 4 of this chapter if such a deduction
 15 application had been filed in accordance with subsection (a) or (b).

16 (f) Subject to subsection (i), the county auditor shall act as follows:

17 (1) If a determination about the number of years the deduction is
 18 allowed has been made in the resolution adopted under section 2.5
 19 of this chapter, the county auditor shall make the appropriate
 20 deduction.

21 (2) If a determination about the number of years the deduction is
 22 allowed has not been made in the resolution adopted under section
 23 2.5 of this chapter, the county auditor shall send a copy of the
 24 deduction application to the designating body. Upon receipt of the
 25 resolution stating the number of years the deduction will be
 26 allowed, the county auditor shall make the appropriate deduction.

27 (3) If the deduction application is for rehabilitation or
 28 redevelopment in a residentially distressed area, the county
 29 auditor shall make the appropriate deduction.

30 (g) The amount and period of the deduction provided for property
 31 by section 3 of this chapter are not affected by a change in the
 32 ownership of the property if the new owner of the property:

33 (1) continues to use the property in compliance with any standards
 34 established under section 2(g) of this chapter; and

35 (2) files an application in the manner provided by subsection (e).

36 (h) The township assessor shall include a notice of the deadlines for
 37 filing a deduction application under subsections (a) and (b) with each
 38 notice to a property owner of an addition to assessed value or of a new

1 assessment.

2 (i) Before the county auditor acts under subsection (f), the county
3 auditor may request that the township assessor of the township in which
4 the property is located review the deduction application.

5 (j) A property owner may appeal a determination of the county
6 auditor under subsection (f) to deny or alter the amount of the deduction
7 by requesting in writing a preliminary conference with the county
8 auditor not more than forty-five (45) days after the county auditor gives
9 the person notice of the determination. An appeal initiated under this
10 subsection is processed and determined in the same manner that an
11 appeal is processed and determined under IC 6-1.1-15.

12 SECTION 17. IC 6-1.1-12.1-5.1, AS AMENDED BY
13 P.L.193-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS
14 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 5.1. (a)
15 This subsection applies to:

- 16 (1) all deductions under section 3 of this chapter for property
17 located in a residentially distressed area; and
- 18 (2) any other deductions for which a statement of benefits was
19 approved under section 3 of this chapter before July 1, 1991.

20 In addition to the requirements of section 5(c) of this chapter, a
21 deduction application filed under section 5 of this chapter must contain
22 information showing the extent to which there has been compliance
23 with the statement of benefits approved under section 3 of this chapter.
24 Failure to comply with a statement of benefits approved before July 1,
25 1991, may not be a basis for rejecting a deduction application.

26 (b) This subsection applies to each deduction (other than a deduction
27 for property located in a residentially distressed area) for which a
28 statement of benefits was approved under section 3 of this chapter after
29 June 30, 1991. In addition to the requirements of section 5(c) of this
30 chapter, a property owner who files a deduction application under
31 section 5 of this chapter must provide the county auditor and the
32 designating body with information showing the extent to which there
33 has been compliance with the statement of benefits approved under
34 section 3 of this chapter. This information must be included in the
35 deduction application and must also be updated each year in which the
36 deduction is applicable at the same time that the property owner is
37 required to file a personal property tax return in the taxing district in
38 which the property for which the deduction was granted is located. If

the taxpayer does not file a personal property tax return in the taxing district in which the property is located, the information must be provided before ~~May 15~~ **August 1**.

(c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following information is a public record if filed under this section:

(1) The name and address of the taxpayer.

(2) The location and description of the property for which the deduction was granted.

(3) Any information concerning the number of employees at the property for which the deduction was granted, including estimated totals that were provided as part of the statement of benefits.

(4) Any information concerning the total of the salaries paid to those employees, including estimated totals that were provided as part of the statement of benefits.

(5) Any information concerning the assessed value of the property, including estimates that were provided as part of the statement of benefits.

(d) The following information is confidential if filed under this section:

(1) Any information concerning the specific salaries paid to individual employees by the property owner.

(2) Any information concerning the cost of the property.

SECTION 18. IC 6-1.1-12.1-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **Sec. 9.5. (a) As used in this section, "clerical error" includes mathematical errors and omitted signatures.**

(b) Except as provided in section 9 of this chapter, the designating body may by resolution waive noncompliance with the following requirements in this chapter with respect to a particular deduction under this chapter:

(1) a filing deadline applicable to an application, a statement of benefits, or another document that is required to be filed under this chapter; or

(2) a clerical error in an application, a statement of benefits, or another document that is required to be filed under this chapter;

if the taxpayer otherwise qualifies for the deduction and the

document is filed or the clerical error is corrected before the resolution is adopted. The resolution must specifically identify the property, deductions, and taxpayer that are effected by the resolution, specifically identify the noncompliance that is the subject of the resolution, and include a finding that the noncompliance has been corrected before the adoption of the resolution.

(c) The designating body shall certify a copy of a resolution adopted under this section to the taxpayer and the department of local government finance.

(d) If a noncompliance with this chapter has been corrected and a resolution is adopted under this section, the taxpayer shall be treated as if the taxpayer had complied with the procedural requirements of this chapter. However, if the designating body determines that granting the relief permitted by this section would result in a delay in the issuance of tax bills, require the recalculation of tax rates or tax levies for a particular year, or otherwise cause an undue burden on a taxing unit, the designating body may require that the deduction that the taxpayer would be entitled to receive for a particular year be applied to a subsequent year in the manner prescribed by the department of local government finance.

SECTION 19. IC 6-1.1-12.4-3, AS ADDED BY P.L.193-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 3. (a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to personal property that the owner purchases after March 1, 2005, and before March 2, 2009. Except as provided in sections 4, 5, and 8 of this chapter, an owner that purchases personal property other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:

(1) was never before used by its owner for any purpose in Indiana;
and

(2) creates or retains employment;

is entitled to a deduction from the assessed value of the personal

1 property.

2 (c) The deduction under this section is first available in the year in
3 which the increase in assessed value resulting from the purchase of the
4 personal property occurs and continues for the following two (2) years.
5 The amount of the deduction that a property owner may receive with
6 respect to personal property located in a county for a particular year
7 equals the lesser of:

8 (1) two million dollars (\$2,000,000); or

9 (2) the product of:

10 (A) the increase in assessed value resulting from the purchase
11 of the personal property; multiplied by

12 (B) the percentage from the following table:

13 YEAR OF DEDUCTION	PERCENTAGE
14 1st	75%
15 2nd	50%
16 3rd	25%

17 (d) If an appeal of an assessment is approved that results in a
18 reduction of the assessed value of the personal property, the amount of
19 the deduction is adjusted to reflect the percentage decrease that results
20 from the appeal.

21 (e) A property owner must claim the deduction under this section on
22 the owner's annual personal property tax return. The township assessor
23 shall:

24 (1) identify the personal property eligible for the deduction to the
25 county auditor; and

26 (2) inform the county auditor of the deduction amount.

27 (f) The county auditor shall:

28 (1) make the deductions; and

29 (2) notify the county property tax assessment board of appeals of
30 all deductions approved;

31 under this section.

32 **(g) The deduction under this section does not apply to personal**
33 **property at a facility listed in IC 6-1.1-12.1-3(e).**

34 SECTION 20. IC 6-1.1-12.5 IS ADDED TO THE INDIANA
35 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
36 [EFFECTIVE JANUARY 1, 2007]:

37 **Chapter 12.5. Assessment Phase-in Deduction**

38 **Sec. 1. For purposes of this chapter:**

1 (1) "enlarge" means to add floor area;

2 (2) "rehabilitate" means to remodel, repair, or improve in any
3 manner; and

4 (3) "residential property" means real property improvements
5 assessed as residential property under the rules of the
6 department of local government finance.

7 Sec. 2. (a) Subject to subsection (d) and section 3 of this chapter,
8 a taxpayer that:

9 (1) rehabilitates; or

10 (2) enlarges;

11 residential property for which the taxpayer is liable for property
12 taxes is entitled to a deduction from the assessed value of the
13 residential property.

14 (b) A deduction under this section is available in:

15 (1) the year in which the rehabilitation or enlargement of the
16 residential property results in an increased assessed value of
17 the residential property; and

18 (2) the immediately succeeding two (2) years.

19 (c) The amount of the deduction that a taxpayer may receive
20 for:

21 (1) the year referred to in subsection (b)(1) equals the product
22 of:

23 (A) the increased assessed value for that year resulting
24 from the rehabilitation or enlargement of the residential
25 property; multiplied by

26 (B) seventy-five percent (75%);

27 (2) the first year referred to in subsection (b)(2) equals the
28 product of:

29 (A) the increased assessed value of the residential property
30 determined under subdivision (1)(A) as adjusted under:

31 (i) IC 6-1.1-4-4; or

32 (ii) IC 6-1.1-4-4.5; multiplied by

33 (B) fifty percent (50%); and

34 (3) the second year referred to in subsection (b)(2) equals the
35 product of:

36 (A) the increased assessed value of the residential property
37 determined under subdivision (1)(A) as adjusted under:

38 (i) IC 6-1.1-4-4;

(ii) IC 6-1.1-4-4.5; or

(iii) both IC 6-1.1-4-4 and IC 6-1.1-4-4.5; multiplied by

(B) twenty-five percent (25%).

(d) A property owner that qualifies for a deduction for a year under:

(1) this section; and

(2) another statute;

based on the same rehabilitation or enlargement of a residential property may not receive a deduction for that rehabilitation or enlargement of the property under both statutes for that year.

(e) A taxpayer that desires to claim a deduction under this section must file a statement, on forms prescribed by the department of local government finance, with the auditor of the county in which the residential property is located. The statement must be filed during the twelve (12) months before May 11 of each year for which the taxpayer wishes to obtain the deduction. A statement under this subsection may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing.

Sec. 3. If ownership of the residential property changes:

(1) the deduction provided under this chapter continues to apply to the residential property; and

(2) the amount of the deduction is:

(A) the percentage under section 2(c)(1)(B), 2(c)(2)(B), or 2(c)(3)(B) of this chapter that would have applied if the ownership of the residential property had not changed; multiplied by

(B) the assessed value of the residential property, as determined and adjusted under section 2 of this chapter, for the year the new owner is entitled to the deduction.

Sec. 4. The department of local government finance shall adopt rules under IC 4-22-2 to implement this chapter."

Page 22, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 20. IC 6-1.1-17-0.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.5. (a) For purposes of this section, "assessed value" has the meaning set forth in IC 6-1.1-1-3(a).

(b) The county auditor may exclude and keep separate on the tax

duplicate for taxes payable in a calendar year the assessed value of tangible property that meets the following conditions:

(1) The assessed value of the property is at least nine percent (9%) of the assessed value of all tangible property subject to taxation by a taxing unit. ~~(as defined in IC 6-1.1-1-21).~~

(2) The property is or has been part of a bankruptcy estate that is subject to protection under the federal bankruptcy code.

(3) The owner of the property has discontinued all business operations on the property.

(4) There is a high probability that the taxpayer will not pay property taxes due on the property in the following year.

(c) This section does not limit, restrict, or reduce in any way the property tax liability on the property.

(d) For each taxing unit located in the county, the county auditor may reduce for a calendar year the taxing unit's assessed value that is certified to the department of local government finance under section 1 of this chapter and used to set tax rates for the taxing unit for taxes first due and payable in the immediately succeeding calendar year. The county auditor may reduce a taxing unit's assessed value under this subsection only to enable the taxing unit to absorb the effects of reduced property tax collections in the immediately succeeding calendar year that are expected to result from successful appeals of the assessed value of property located in the taxing unit. The county auditor shall keep separately on the tax duplicate the amount of any reductions made under this subsection. The maximum amount of the reduction authorized under this subsection is determined under subsection (e).

(e) The amount of the reduction in a taxing unit's assessed value for a calendar year under subsection (d) may not exceed the lesser of:

(1) two percent (2%) of the assessed value of tangible property subject to assessment in the taxing unit in that calendar year;

or

(2) the total amount of reductions in the assessed value of tangible property subject to assessment in the taxing unit that:

(A) applied for the assessment date in the immediately preceding year; and

(B) resulted from successful appeals of the assessed value

1 **of the property.**

2 **(f) The amount of a reduction under subsection (d) may not be**
 3 **offered in a proceeding before the:**

4 **(1) county property tax assessment board of appeals;**

5 **(2) Indiana board; or**

6 **(3) Indiana tax court;**

7 **as evidence that a particular parcel has been improperly assessed."**

8 Page 22, line 41, strike "and".

9 Page 22, between lines 41 and 42, begin a new line block indented
 10 and insert:

11 **"(5) the amount of the political subdivision's assessed**
 12 **valuation reduction determined under section 0.5(d) of this**
 13 **chapter; and".**

14 Page 22, line 42, strike "(5)" and insert "(6)".

15 Page 24, delete lines 8 through 42, begin a new paragraph and insert:

16 **"SECTION 21. IC 6-1.1-17-8.5 IS ADDED TO THE INDIANA**
 17 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
 18 **[EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) If a county auditor**
 19 **reduces a taxing unit's assessed valuation under section 0.5(d) of**
 20 **this chapter, the department of local government finance shall, in**
 21 **the manner prescribed in section 16 of this chapter, review the**
 22 **budget, tax rate, and tax levy of the taxing unit.**

23 **(b) The county auditor may appeal to the department of local**
 24 **government finance to reduce a taxing unit's assessed valuation by**
 25 **an amount that exceeds the limits set forth in section 0.5(e) of this**
 26 **chapter. The department of local government finance:**

27 **(1) may require the county auditor to submit supporting**
 28 **information with the county auditor's appeal;**

29 **(2) shall consider the appeal at the time of the review required**
 30 **by subsection (a); and**

31 **(3) may approve, modify and approve, or reject the amount of**
 32 **the reduction sought in the appeal."**

33 Page 25, delete lines 1 through 38.

34 Page 28, between lines 28 and 29, begin a new paragraph and insert:

35 **"(l) The department of local government finance may not certify**
 36 **a taxing unit's budget, tax rate, or tax levy if the department of**
 37 **local government finance determines that the county auditor has**
 38 **reduced the taxing unit's assessed valuation by more than the**

1 **amount authorized under section 0.5(e) or 8.5(b) of this chapter."**

2 Page 28, line 42, after "the" insert **"greater of the:**

3 **(1) civil taxing unit's maximum permissible ad valorem**
 4 **property tax levy for the calendar year immediately preceding**
 5 **the ensuing calendar year, as that levy was determined under**
 6 **section 3 of this chapter; or**

7 **(2)".**

8 Page 29, line 6, after "for" reset in roman "the".

9 Page 29, line 6, delete "any".

10 Page 29, line 7, reset in roman "immediately preceding".

11 Page 29, line 7, delete "after 2003 that precedes".

12 Page 29, delete lines 15 through 25.

13 Page 29, delete lines 32 through 42, begin a new paragraph and
 14 insert:

15 "SECTION 24. IC 6-1.1-18.5-13, AS AMENDED BY P.L.73-2005,
 16 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2006]: Sec. 13. With respect to an appeal filed under section
 18 12 of this chapter, the local government tax control board may
 19 recommend that a civil taxing unit receive any one (1) or more of the
 20 following types of relief:

21 (1) Permission to the civil taxing unit to increase its levy in excess
 22 of the limitations established under section 3 of this chapter, if in
 23 the judgment of the local government tax control board the
 24 increase is reasonably necessary due to increased costs of the civil
 25 taxing unit resulting from annexation, consolidation, or other
 26 extensions of governmental services by the civil taxing unit to
 27 additional geographic areas or persons.

28 (2) Permission to the civil taxing unit to increase its levy in excess
 29 of the limitations established under section 3 of this chapter, if the
 30 local government tax control board finds that the civil taxing unit
 31 needs the increase to meet the civil taxing unit's share of the costs
 32 of operating a court established by statute enacted after December
 33 31, 1973. Before recommending such an increase, the local
 34 government tax control board shall consider all other revenues
 35 available to the civil taxing unit that could be applied for that
 36 purpose. The maximum aggregate levy increases that the local
 37 government tax control board may recommend for a particular
 38 court equals the civil taxing unit's share of the costs of operating

a court for the first full calendar year in which it is in existence.

(3) Permission to the civil taxing unit to increase its levy **percentage** in excess of the ~~limitations established~~ **levy increase percentage determined** under section 3 of this chapter ~~if the local government tax control board finds that the quotient by the percentage determined under STEP SIX TWELVE of the following formula: is equal to or greater than one and three-hundredths (1.03):~~

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of:

(A) ~~the sum of the~~ civil taxing unit's total assessed value of all taxable property ~~and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, as adjusted to eliminate the effects of the enactment of laws or rules that provide for a type or amount of an assessment, a deduction or an exemption in the year that was not available in the immediately preceding calendar year;~~ divided by

(B) the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year, **as adjusted to eliminate the effects of the enactment of laws or rules that provide for a type or amount of an assessment, a deduction, or an exemption in the year that is not available in the current calendar year.**

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of:

(A) the ~~sum of the~~ total assessed value of all taxable property in all counties ~~and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42~~ in the particular calendar year, **as adjusted to eliminate the effects of the enactment of laws or rules that provide for a type or amount of an assessment, a deduction, or an exemption in the year that was not available in the immediately preceding calendar year;** divided by

(B) the ~~sum of the~~ total assessed value of all taxable property in all counties ~~and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42~~ in the calendar year immediately preceding the particular calendar year, **as adjusted to eliminate the effects of the enactment of laws or rules that provide for a type or amount of an assessment, a deduction, or an exemption in the year that is not available in the current calendar year.**

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount. ~~The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds~~

STEP SEVEN: Determine the result of:

(A) the STEP SIX result; minus

(B) the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

STEP EIGHT: Determine the greater of zero (0) or the STEP SEVEN amount.

STEP NINE: Determine the total ad valorem property tax rate certified for the civil taxing unit in the year immediately preceding the particular calendar year.

STEP TEN: Determine the average total ad valorem property tax rate for all similar civil taxing units of the same type and class in the year immediately preceding the

- 1 **particular calendar year.**
- 2 **STEP ELEVEN: Determine the result of:**
- 3 **(A) the STEP NINE result; divided by**
- 4 **(B) the STEP TEN result.**
- 5 **STEP TWELVE: Determine the result of:**
- 6 **(A) the STEP EIGHT result; multiplied by**
- 7 **(B) the following:**
- 8 **(i) One (1), if the STEP ELEVEN result is not greater**
- 9 **than one (1).**
- 10 **(ii) Five tenths (0.5) if the STEP ELEVEN result is**
- 11 **greater than one (1).**
- 12 (4) Permission to the civil taxing unit to increase its levy in excess
- 13 of the limitations established under section 3 of this chapter, if the
- 14 local government tax control board finds that the civil taxing unit
- 15 needs the increase to pay the costs of furnishing fire protection for
- 16 the civil taxing unit through a volunteer fire department. For
- 17 purposes of determining a township's need for an increased levy,
- 18 the local government tax control board shall not consider the
- 19 amount of money borrowed under IC 36-6-6-14 during the
- 20 immediately preceding calendar year. However, any increase in
- 21 the amount of the civil taxing unit's levy recommended by the
- 22 local government tax control board under this subdivision for the
- 23 ensuing calendar year may not exceed the lesser of:
- 24 (A) ten thousand dollars (\$10,000); or
- 25 (B) twenty percent (20%) of:
- 26 (i) the amount authorized for operating expenses of a
- 27 volunteer fire department in the budget of the civil taxing
- 28 unit for the immediately preceding calendar year; plus
- 29 (ii) the amount of any additional appropriations authorized
- 30 during that calendar year for the civil taxing unit's use in
- 31 paying operating expenses of a volunteer fire department
- 32 under this chapter; minus
- 33 (iii) the amount of money borrowed under IC 36-6-6-14
- 34 during that calendar year for the civil taxing unit's use in
- 35 paying operating expenses of a volunteer fire department.
- 36 (5) Permission to a civil taxing unit to increase its levy in excess
- 37 of the limitations established under section 3 of this chapter in
- 38 order to raise revenues for pension payments and contributions the

1 civil taxing unit is required to make under IC 36-8. The maximum
 2 increase in a civil taxing unit's levy that may be recommended
 3 under this subdivision for an ensuing calendar year equals the
 4 amount, if any, by which the pension payments and contributions
 5 the civil taxing unit is required to make under IC 36-8 during the
 6 ensuing calendar year exceeds the product of one and one-tenth
 7 (1.1) multiplied by the pension payments and contributions made
 8 by the civil taxing unit under IC 36-8 during the calendar year that
 9 immediately precedes the ensuing calendar year. For purposes of
 10 this subdivision, "pension payments and contributions made by a
 11 civil taxing unit" does not include that part of the payments or
 12 contributions that are funded by distributions made to a civil
 13 taxing unit by the state.

14 (6) Permission to increase its levy in excess of the limitations
 15 established under section 3 of this chapter if the local government
 16 tax control board finds that:

17 (A) the township's township assistance ad valorem property tax
 18 rate is less than one and sixty-seven hundredths cents
 19 (\$0.0167) per one hundred dollars (\$100) of assessed
 20 valuation; and

21 (B) the township needs the increase to meet the costs of
 22 providing township assistance under IC 12-20 and IC 12-30-4.

23 The maximum increase that the board may recommend for a
 24 township is the levy that would result from an increase in the
 25 township's township assistance ad valorem property tax rate of
 26 one and sixty-seven hundredths cents (\$0.0167) per one hundred
 27 dollars (\$100) of assessed valuation minus the township's ad
 28 valorem property tax rate per one hundred dollars (\$100) of
 29 assessed valuation before the increase.

30 (7) Permission to a civil taxing unit to increase its levy in excess
 31 of the limitations established under section 3 of this chapter if:

32 (A) the increase has been approved by the legislative body of
 33 the municipality with the largest population where the civil
 34 taxing unit provides public transportation services; and

35 (B) the local government tax control board finds that the civil
 36 taxing unit needs the increase to provide adequate public
 37 transportation services.

38 The local government tax control board shall consider tax rates

1 and levies in civil taxing units of comparable population, and the
 2 effect (if any) of a loss of federal or other funds to the civil taxing
 3 unit that might have been used for public transportation purposes.
 4 However, the increase that the board may recommend under this
 5 subdivision for a civil taxing unit may not exceed the revenue that
 6 would be raised by the civil taxing unit based on a property tax
 7 rate of one cent (\$0.01) per one hundred dollars (\$100) of
 8 assessed valuation.

9 (8) Permission to a civil taxing unit to increase the unit's levy in
 10 excess of the limitations established under section 3 of this chapter
 11 if the local government tax control board finds that:

12 (A) the civil taxing unit is:

13 (i) a county having a population of more than one hundred
 14 forty-eight thousand (148,000) but less than one hundred
 15 seventy thousand (170,000);

16 (ii) a city having a population of more than fifty-five
 17 thousand (55,000) but less than fifty-nine thousand (59,000);

18 (iii) a city having a population of more than twenty-eight
 19 thousand seven hundred (28,700) but less than twenty-nine
 20 thousand (29,000);

21 (iv) a city having a population of more than fifteen thousand
 22 four hundred (15,400) but less than sixteen thousand six
 23 hundred (16,600); or

24 (v) a city having a population of more than seven thousand
 25 (7,000) but less than seven thousand three hundred (7,300);
 26 and

27 (B) the increase is necessary to provide funding to undertake
 28 removal (as defined in IC 13-11-2-187) and remedial action (as
 29 defined in IC 13-11-2-185) relating to hazardous substances
 30 (as defined in IC 13-11-2-98) in solid waste disposal facilities
 31 or industrial sites in the civil taxing unit that have become a
 32 menace to the public health and welfare.

33 The maximum increase that the local government tax control
 34 board may recommend for such a civil taxing unit is the levy that
 35 would result from a property tax rate of six and sixty-seven
 36 hundredths cents (\$0.0667) for each one hundred dollars (\$100)
 37 of assessed valuation. For purposes of computing the ad valorem
 38 property tax levy limit imposed on a civil taxing unit under

section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) Permission for a township to increase its levy in excess of the

1 limitations established under section 3 of this chapter, if the local
 2 government tax control board finds that the township needs the
 3 increase so that the property tax rate to pay the costs of furnishing
 4 fire protection for a township, or a portion of a township, enables
 5 the township to pay a fair and reasonable amount under a contract
 6 with the municipality that is furnishing the fire protection.
 7 However, for the first time an appeal is granted the resulting rate
 8 increase may not exceed fifty percent (50%) of the difference
 9 between the rate imposed for fire protection within the
 10 municipality that is providing the fire protection to the township
 11 and the township's rate. A township is required to appeal a second
 12 time for an increase under this subdivision if the township wants
 13 to further increase its rate. However, a township's rate may be
 14 increased to equal but may not exceed the rate that is used by the
 15 municipality. More than one (1) township served by the same
 16 municipality may use this appeal.

17 (11) Permission for a township to increase its levy in excess of the
 18 limitations established under section 3 of this chapter, if the local
 19 government tax control board finds that the township has been
 20 required, for the three (3) consecutive years preceding the year for
 21 which the appeal under this subdivision is to become effective, to
 22 borrow funds under IC 36-6-6-14 to furnish fire protection for the
 23 township or a part of the township. However, the maximum
 24 increase in a township's levy that may be allowed under this
 25 subdivision is the least of the amounts borrowed under
 26 IC 36-6-6-14 during the preceding three (3) calendar years. A
 27 township may elect to phase in an approved increase in its levy
 28 under this subdivision over a period not to exceed three (3) years.
 29 A particular township may appeal to increase its levy under this
 30 section not more frequently than every fourth calendar year.

31 (12) Permission to a city having a population of more than
 32 twenty-nine thousand (29,000) but less than thirty-one thousand
 33 (31,000) to increase its levy in excess of the limitations
 34 established under section 3 of this chapter if:

35 (A) an appeal was granted to the city under this section to
 36 reallocate property tax replacement credits under IC 6-3.5-1.1
 37 in 1998, 1999, and 2000; and

38 (B) the increase has been approved by the legislative body of

1 the city, and the legislative body of the city has by resolution
 2 determined that the increase is necessary to pay normal
 3 operating expenses.

4 The maximum amount of the increase is equal to the amount of
 5 property tax replacement credits under IC 6-3.5-1.1 that the city
 6 petitioned under this section to have reallocated in 2001 for a
 7 purpose other than property tax relief.

8 SECTION 25. IC 6-1.1-18.5-17 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
 10 Sec. 17. (a) As used in this section, "levy excess" means the part of the
 11 ad valorem property tax levy actually collected by a civil taxing unit,
 12 for taxes first due and payable during a particular calendar year, that
 13 exceeds the civil taxing unit's ad valorem property tax levy, as
 14 approved by the department of local government finance under
 15 IC 6-1.1-17. **The term does not include delinquent ad valorem**
 16 **property taxes collected during a particular year that were assessed**
 17 **for an assessment date that precedes the assessment date for the**
 18 **current year in which the ad valorem property taxes are collected.**

19 (b) A civil taxing unit's levy excess is valid and may not be
 20 contested on the grounds that it exceeds the civil taxing unit's levy limit
 21 for the applicable calendar year. However, the civil taxing unit shall
 22 deposit, except as provided in subsection (h), its levy excess in a special
 23 fund to be known as the civil taxing unit's levy excess fund.

24 (c) The chief fiscal officer of a civil taxing unit may invest money
 25 in the civil taxing unit's levy excess fund in the same manner in which
 26 money in the civil taxing unit's general fund may be invested. However,
 27 any income derived from investment of the money shall be deposited
 28 in and becomes a part of the levy excess fund.

29 (d) The department of local government finance shall require a civil
 30 taxing unit to include the amount in its levy excess fund in the civil
 31 taxing unit's budget fixed under IC 6-1.1-17.

32 (e) Except as provided by subsection (f), a civil taxing unit may not
 33 spend any money in its levy excess fund until the expenditure of the
 34 money has been included in a budget that has been approved by the
 35 department of local government finance under IC 6-1.1-17. For
 36 purposes of fixing its budget and for purposes of the ad valorem
 37 property tax levy limits imposed under this chapter, a civil taxing unit
 38 shall treat the money in its levy excess fund that the department of local

government finance permits it to spend during a particular calendar year as part of its ad valorem property tax levy for that same calendar year.

(f) A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a civil taxing unit may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would, notwithstanding this subsection, be deposited in the levy excess fund of a civil taxing unit for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the unit for that year.

SECTION 26. IC 6-1.1-19-1.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
 Sec. 1.7. (a) As used in this section, "levy excess" means that portion of the ad valorem property tax levy actually collected by a school corporation, for taxes first due and payable during a particular calendar year, which exceeds the school corporation's total levy, as approved by the department of local government finance under IC 6-1.1-17, for those property taxes. **The term does not include delinquent ad valorem property taxes collected during a particular year that were assessed for an assessment date that precedes the assessment date for the current year in which the ad valorem property taxes are collected.**

(b) A school corporation's levy excess is valid, and the general fund portion of a school corporation's levy excess may not be contested on the grounds that it exceeds the school corporation's general fund levy limit for the applicable calendar year. However, the school corporation shall deposit, except as provided in subsection (h), its levy excess in a special fund to be known as the school corporation's levy excess fund.

(c) The chief fiscal officer of a school corporation may invest money in the school corporation's levy excess fund in the same manner in which money in the school corporation's general fund may be invested. However, any income derived from investment of the money shall be deposited in and become a part of the levy excess fund.

(d) The department of local government finance shall require a school corporation to include the amount in the school corporation's levy excess fund in the school corporation's budget fixed under

1 IC 6-1.1-17.

2 (e) Except as provided in subsection (f), a school corporation may
 3 not spend any money in its levy excess fund until the expenditure of the
 4 money has been included in a budget that has been approved by the
 5 department of local government finance under IC 6-1.1-17. For
 6 purposes of fixing its budget and for purposes of the ad valorem
 7 property tax levy limits fixed under this chapter, a school corporation
 8 shall treat the money in its levy excess fund that the department of local
 9 government finance permits the school corporation to spend during a
 10 particular calendar year as part of the school corporation's ad valorem
 11 property tax levy for that same calendar year.

12 (f) A school corporation may transfer money from its levy excess
 13 fund to its other funds to reimburse those funds for amounts withheld
 14 from the school corporation as a result of refunds paid under
 15 IC 6-1.1-26.

16 (g) Subject to the limitations imposed by this section, a school
 17 corporation may use money in its levy excess fund for any lawful
 18 purpose for which money in any of its other funds may be used.

19 (h) If the amount that would be deposited in the levy excess fund of
 20 a school corporation for a particular calendar year is less than one
 21 hundred dollars (\$100), no money shall be deposited in the levy excess
 22 fund of the school corporation for that year.

23 SECTION 27. IC 6-1.1-20.8-2.5, AS AMENDED BY P.L.4-2005,
 24 SECTION 40, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 2.5. (a) A
 26 person that desires to claim the credit provided by section 1 of this
 27 chapter shall file a certified application, on forms prescribed by the
 28 department of local government finance, with the auditor of the county
 29 where the property for which the credit is claimed was located on the
 30 assessment date. A person that timely files a personal property return
 31 under IC 6-1.1-3-7(a) for an assessment year must file the application
 32 between March 1 and ~~May 15~~ **August 1** of that year in order to obtain
 33 the credit in the following year. A person that obtains a filing extension
 34 under IC 6-1.1-3-7(b) for an assessment year must file the application
 35 between March 1 and the extended due date for that year in order to
 36 obtain the credit in the following year.

37 (b) A taxpayer shall include on an application filed under this
 38 section all information that the department of local government finance

1 requires to determine eligibility for the credit provided under this
2 chapter.

3 (c) Compliance with this chapter does not exempt a person from
4 compliance with IC 5-28-15-7."

5 Delete page 30.

6 Page 31, delete lines 1 through 27, begin a new paragraph and insert:

7 "SECTION 28. IC 6-1.1-20.9-1 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this
9 chapter:

10 (1) "Dwelling" means any of the following:

11 (A) Residential real property improvements which an
12 individual uses as ~~his~~ **the individual's** residence, including a
13 house or garage.

14 (B) A mobile home that is not assessed as real property that an
15 individual uses as the individual's residence.

16 (C) A manufactured home that is not assessed as real property
17 that an individual uses as the individual's residence.

18 **(D) Partially completed residential real property**
19 **improvements, as defined by the department of local**
20 **government finance, that an individual intends to use as**
21 **the individual's residence, including a house or garage.**

22 (2) "Homestead" means an individual's principal place of
23 residence, **or in the case of a dwelling (as described in**
24 **subdivision (1)(D)) property that the individual intends to be**
25 **the individual's principal place of residence, which:**

26 (A) is located in Indiana;

27 (B) the individual either owns or is buying under a contract,
28 recorded in the county recorder's office, that provides that he
29 is to pay the property taxes on the residence; and

30 (C) consists of a dwelling and the real estate, not exceeding
31 one (1) acre, that immediately surrounds that dwelling.

32 SECTION 29. IC 6-1.1-20.9-2, AS AMENDED BY P.L.246-2005,
33 SECTION 63, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as otherwise
35 provided in section 5 of this chapter, an individual who on March 1 of
36 a particular year either owns or is buying a homestead under a contract
37 that provides the individual is to pay the property taxes on the
38 homestead is entitled each calendar year to a credit against the property

taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) **Except as provided in subsection (h)**, the amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) attributable to the homestead during the particular calendar year; and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 and thereafter	20%

However, the property tax replacement fund board established under IC 6-1.1-21-10 shall increase the percentage of the credit provided in the schedule for any year if the budget agency determines that an increase is necessary to provide the minimum tax relief authorized under IC 6-1.1-21-2.5. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board must increase the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if

on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

(h) With respect to a partially completed dwelling (as described in section 1(1)(d) of this chapter), the amount of the credit to which the individual is entitled is equal to the result of STEP THREE of the following formula:

STEP ONE: For the twelve (12) months preceding the assessment date on which the partially completed dwelling was reassessed, determine the number of months that followed the later of the following:

(A) The date on which construction of the partially completed dwelling began.

(B) The date on which the partially completed dwelling was transferred to the individual claiming the homestead credit.

STEP TWO: Determine the result of:

(A) the STEP ONE result; divided by

(B) twelve (12).

STEP THREE: Determine the product of:

(A) the amount the individual would be entitled to under subsection (b); multiplied by

(B) the STEP TWO amount."

Page 31, line 35, delete "With" and insert **"Except as provided in subsection (e), with"**.

Page 31, line 36, strike "twelve (12)" and insert **"fifteen (15)"**.

Page 31, line 37, delete "June 11" and insert **"~~11~~ August 1"**.

Page 32, between lines 28 and 29, begin a new paragraph and insert:

"(e) With respect to a partially completed dwelling (as described in section 1(1)(d) of this chapter), the certified statement referred to in subsection (a) must be filed before the later of the following:

(1) June 11 of the year before the first year for which the person wishes to obtain the credit for the homestead.

(2) A date in the year before the first year for which the person wishes to obtain the credit for the homestead that is not later than sixty (60) days after the date the assessing official notifies the taxpayer that the taxpayer's homestead has been reassessed to reflect the improvements being made to the homestead."

Page 32, delete lines 29 through 42.

Delete pages 33 through 34.

Page 35, delete lines 1 through 34.

Page 38, line 10, delete "For purposes of this section, a" and insert **"A"**.

Page 38, strike lines 24 through 26.

Page 38, line 27, delete "Subject to subsection (c), the" and insert **"The"**.

Page 38, line 27, strike "remainder of the taxes collected on the".

Page 38, strike lines 28 through 29.

Page 38, line 30, delete "(c)" and insert **"(b)"**.

Page 38, line 34, delete "net".

Page 38, line 36, delete "." and insert **"after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property."**

Page 38, line 38, after "fund" insert **"without appropriation"**.

Page 39, line 3, delete "(c) (d)" and insert **"(c)"**.

Page 41, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 33. IC 6-1.1-39-5, AS AMENDED BY P.L.4-2005, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 5. (a) A declaratory ordinance adopted under section 2 of this chapter and confirmed under section 3 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. The allocation provision must apply to the entire economic development district. The allocation provisions must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the economic development district be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, part or all of the property tax proceeds in excess of those described in subdivision (1), as specified in the declaratory ordinance, shall be allocated to the unit for the economic development district and, when collected, paid into a special fund established by the unit for that economic development district that may be used only to pay the principal of and interest on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district. The amount not paid into the special fund shall be paid to the respective units in the manner prescribed by

1 subdivision (1).

2 (3) When the money in the fund is sufficient to pay all outstanding
3 principal of and interest (to the earliest date on which the
4 obligations can be redeemed) on obligations owed by the unit
5 under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing
6 of industrial development programs in, or serving, that economic
7 development district, money in the special fund in excess of that
8 amount shall be paid to the respective taxing units in the manner
9 prescribed by subdivision (1).

10 (b) Property tax proceeds allocable to the economic development
11 district under subsection (a)(2) must, subject to subsection (a)(3), be
12 irrevocably pledged by the unit for payment as set forth in subsection
13 (a)(2).

14 (c) For the purpose of allocating taxes levied by or for any taxing
15 unit or units, the assessed value of taxable property in a territory in the
16 economic development district that is annexed by any taxing unit after
17 the effective date of the allocation provision of the declaratory
18 ordinance is the lesser of:

19 (1) the assessed value of the property for the assessment date with
20 respect to which the allocation and distribution is made; or

21 (2) the base assessed value.

22 (d) Notwithstanding any other law, each assessor shall, upon petition
23 of the fiscal body, reassess the taxable property situated upon or in, or
24 added to, the economic development district effective on the next
25 assessment date after the petition.

26 (e) Notwithstanding any other law, the assessed value of all taxable
27 property in the economic development district, for purposes of tax
28 limitation, property tax replacement (except as provided in
29 IC 6-1.1-21-3(c), IC 6-1.1-21-4(a)(3), and IC 6-1.1-21-5(c)), and
30 formulation of the budget, tax rate, and tax levy for each political
31 subdivision in which the property is located is the lesser of:

32 (1) the assessed value of the property as valued without regard to
33 this section; or

34 (2) the base assessed value.

35 (f) The state board of accounts and department of local government
36 finance shall make the rules and prescribe the forms and procedures that
37 they consider expedient for the implementation of this chapter. After
38 each general reassessment under IC 6-1.1-4, the department of local

government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the district under this section. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the district under this section.** However, the ~~adjustment~~ **adjustments under this subsection** may not include the effect of property tax abatements under IC 6-1.1-12.1.

(g) As used in this section, "property taxes" means:

- (1) taxes imposed under this article on real property; and
- (2) any part of the taxes imposed under this article on depreciable personal property that the unit has by ordinance allocated to the economic development district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives.

If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under subdivision (2).

(h) As used in this section, "base assessed value" means:

- (1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (f); plus
- (2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Subdivision (2) applies only to economic development districts established after June 30, 1997, and to additional areas established after June 30, 1997."

Page 42, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 34. IC 6-1.1-42-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
Sec. 27. (a) A property owner who desires to obtain the deduction

provided by section 24 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. Except as otherwise provided in subsection (b) or (e), the deduction application must be filed before ~~May 10~~ **August 1** of the year in which the addition to assessed valuation is made.

(b) If notice of the addition to assessed valuation or new assessment for any year is not given to the property owner before ~~April 10~~ **July 1** of that year, the deduction application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township assessor.

(c) The certified deduction application required by this section must contain the following information:

(1) The name of each owner of the property.

(2) A certificate of completion of a voluntary remediation under IC 13-25-5-16.

(3) Proof that each owner who is applying for the deduction:

(A) has never had an ownership interest in an entity that contributed; and

(B) has not contributed;

a contaminant (as defined in IC 13-11-2-42) that is the subject of the voluntary remediation, as determined under the written standards adopted by the department of environmental management.

(4) Proof that the deduction was approved by the appropriate designating body.

(5) A description of the property for which a deduction is claimed in sufficient detail to afford identification.

(6) The assessed value of the improvements before remediation and redevelopment.

(7) The increase in the assessed value of improvements resulting from remediation and redevelopment.

(8) The amount of the deduction claimed for the first year of the deduction.

(d) A certified deduction application filed under subsection (a) or (b) is applicable for the year in which the addition to assessed value or assessment of property is made and each subsequent year to which the

1 deduction applies under the resolution adopted under section 24 of this
2 chapter.

3 (e) A property owner who desires to obtain the deduction provided
4 by section 24 of this chapter but who has failed to file a deduction
5 application within the dates prescribed in subsection (a) or (b) may file
6 a deduction application between March 1 and ~~May 10~~ **August 1** of a
7 subsequent year which is applicable for the year filed and the
8 subsequent years without any additional certified deduction application
9 being filed for the amounts of the deduction which would be applicable
10 to such years under this chapter if such a deduction application had
11 been filed in accordance with subsection (a) or (b).

12 (f) On verification of the correctness of a certified deduction
13 application by the assessor of the township in which the property is
14 located, the county auditor shall, if the property is covered by a
15 resolution adopted under section 24 of this chapter, make the
16 appropriate deduction.

17 (g) The amount and period of the deduction provided for property
18 by section 24 of this chapter are not affected by a change in the
19 ownership of the property if the new owner of the property:

20 (1) is a person that:

21 (A) has never had an ownership interest in an entity that
22 contributed; and

23 (B) has not contributed;
24 a contaminant (as defined in IC 13-11-2-42) that is the subject of
25 the voluntary remediation, as determined under the written
26 standards adopted by the department of environmental
27 management;

28 (2) continues to use the property in compliance with any standards
29 established under sections 7 and 23 of this chapter; and

30 (3) files an application in the manner provided by subsection (e).

31 (h) The township assessor shall include a notice of the deadlines for
32 filing a deduction application under subsections (a) and (b) with each
33 notice to a property owner of an addition to assessed value or of a new
34 assessment."

35 Page 44, between lines 40 and 41, begin a new paragraph and insert:

36 "SECTION 38. IC 8-22-3.5-11 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
38 Sec. 11. (a) The state board of accounts and the department of local

government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department consider appropriate for the implementation of this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value (as defined in section 9 of this chapter) one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the airport development zone's special funds under section 9 of this chapter.

(c) After each annual adjustment under IC 6-1.1-4.5, the department of local government finance shall adjust the base assessed value (as defined in section 9 of this chapter) to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the airport development zone's special funds under section 9 of this chapter.

SECTION 39. IC 21-2-21-1.8, AS ADDED BY P.L.214-2005, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.8. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement.

(b) This section applies to each school corporation that:

- (1) did not issue bonds under IC 20-5-4-1.7 before its repeal; or
- (2) issued bonds under IC 20-5-4-1.7:

(A) before April 14, 2003; or

(B) after April 13, 2003, if an order approving the issuance of the bonds was issued by the department of local government finance before April 14, 2003.

(c) In addition to the purposes set forth in section 1 of this chapter, a school corporation described in subsection (b) may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions:

- (1) The school corporation may issue bonds under this section only one (1) time.
- (2) ~~The~~ A school corporation **described in subsection (b)(1) or**

1 **(b)(2)(A) must issue the bonds before July 1, 2006. A school**
 2 **corporation described in subsection (b)(2)(B) must file a**
 3 **petition with the department of local government finance**
 4 **under IC 6-1.1-19-8 requesting approval to incur bond**
 5 **indebtedness under this section before July 1, 2006.**

6 (3) The solution to which the bonds are contributing must be
 7 reasonably expected to reduce the school corporation's unfunded
 8 contractual liability for retirement or severance payments as it
 9 existed on June 30, 2001.

10 (4) The amount of the bonds that may be issued for the purpose
 11 described in this section may not exceed:

12 (A) two percent (2%) of the true tax value of property in the
 13 school corporation, for a school corporation that did not issue
 14 bonds under IC 20-5-4-1.7 before its repeal; or

15 (B) the remainder of:

16 (i) two percent (2%) of the true tax value of property in the
 17 school corporation as of the date that the school corporation
 18 issued bonds under IC 20-5-4-1.7; minus

19 (ii) the amount of bonds that the school corporation issued
 20 under IC 20-5-4-1.7;

21 for a school corporation that issued bonds under IC 20-5-4-1.7
 22 ~~before April 14, 2003.~~ **as described in subsection (b)(2).**

23 (5) Each year that a debt service levy is needed under this section,
 24 the school corporation shall reduce the total property tax levy for
 25 the school corporation's transportation, school bus replacement,
 26 capital projects, or art association and historical society funds in
 27 an amount equal to the property tax levy needed for the debt
 28 service under this section. The property tax rate for each of these
 29 funds shall be reduced each year until the bonds are retired.

30 (6) The school corporation shall establish a separate debt service
 31 fund for repayment of the bonds issued under this section.

32 (d) Bonds issued for the purpose described in this section shall be
 33 issued in the same manner as other bonds of the school corporation.

34 (e) Bonds issued under this section are not subject to the petition and
 35 remonstrance process under IC 6-1.1-20 or to the limitations contained
 36 in IC 36-1-15.

37 SECTION 40. IC 36-7-14-39, AS AMENDED BY P.L.216-2005,
 38 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 39. (a) As used in this
2 section:

3 "Allocation area" means that part of a redevelopment project area to
4 which an allocation provision of a declaratory resolution adopted under
5 section 15 of this chapter refers for purposes of distribution and
6 allocation of property taxes.

7 "Base assessed value" means the following:

8 (1) If an allocation provision is adopted after June 30, 1995, in a
9 declaratory resolution or an amendment to a declaratory resolution
10 establishing an economic development area:

11 (A) the net assessed value of all the property as finally
12 determined for the assessment date immediately preceding the
13 effective date of the allocation provision of the declaratory
14 resolution, as adjusted under subsection (h); plus

15 (B) to the extent that it is not included in clause (A), the net
16 assessed value of property that is assessed as residential
17 property under the rules of the department of local government
18 finance, as finally determined for any assessment date after the
19 effective date of the allocation provision.

20 (2) If an allocation provision is adopted after June 30, 1997, in a
21 declaratory resolution or an amendment to a declaratory resolution
22 establishing a redevelopment project area:

23 (A) the net assessed value of all the property as finally
24 determined for the assessment date immediately preceding the
25 effective date of the allocation provision of the declaratory
26 resolution, as adjusted under subsection (h); plus

27 (B) to the extent that it is not included in clause (A), the net
28 assessed value of property that is assessed as residential
29 property under the rules of the department of local government
30 finance, as finally determined for any assessment date after the
31 effective date of the allocation provision.

32 (3) If:

33 (A) an allocation provision adopted before June 30, 1995, in a
34 declaratory resolution or an amendment to a declaratory
35 resolution establishing a redevelopment project area expires
36 after June 30, 1997; and

37 (B) after June 30, 1997, a new allocation provision is included
38 in an amendment to the declaratory resolution;

1 the net assessed value of all the property as finally determined for
2 the assessment date immediately preceding the effective date of
3 the allocation provision adopted after June 30, 1997, as adjusted
4 under subsection (h).

5 (4) Except as provided in subdivision (5), for all other allocation
6 areas, the net assessed value of all the property as finally
7 determined for the assessment date immediately preceding the
8 effective date of the allocation provision of the declaratory
9 resolution, as adjusted under subsection (h).

10 (5) If an allocation area established in an economic development
11 area before July 1, 1995, is expanded after June 30, 1995, the
12 definition in subdivision (1) applies to the expanded part of the
13 area added after June 30, 1995.

14 (6) If an allocation area established in a redevelopment project
15 area before July 1, 1997, is expanded after June 30, 1997, the
16 definition in subdivision (2) applies to the expanded part of the
17 area added after June 30, 1997.

18 Except as provided in section 39.3 of this chapter, "property taxes"
19 means taxes imposed under IC 6-1.1 on real property. However, upon
20 approval by a resolution of the redevelopment commission adopted
21 before June 1, 1987, "property taxes" also includes taxes imposed under
22 IC 6-1.1 on depreciable personal property. If a redevelopment
23 commission adopted before June 1, 1987, a resolution to include within
24 the definition of property taxes taxes imposed under IC 6-1.1 on
25 depreciable personal property that has a useful life in excess of eight (8)
26 years, the commission may by resolution determine the percentage of
27 taxes imposed under IC 6-1.1 on all depreciable personal property that
28 will be included within the definition of property taxes. However, the
29 percentage included must not exceed twenty-five percent (25%) of the
30 taxes imposed under IC 6-1.1 on all depreciable personal property.

31 (b) A declaratory resolution adopted under section 15 of this chapter
32 on or before the allocation deadline determined under subsection (i)
33 may include a provision with respect to the allocation and distribution
34 of property taxes for the purposes and in the manner provided in this
35 section. A declaratory resolution previously adopted may include an
36 allocation provision by the amendment of that declaratory resolution on
37 or before the allocation deadline determined under subsection (i) in
38 accordance with the procedures required for its original adoption. A

1 declaratory resolution or an amendment that establishes an allocation
 2 provision after June 30, 1995, must specify an expiration date for the
 3 allocation provision that may not be more than thirty (30) years after
 4 the date on which the allocation provision is established. However, if
 5 bonds or other obligations that were scheduled when issued to mature
 6 before the specified expiration date and that are payable only from
 7 allocated tax proceeds with respect to the allocation area remain
 8 outstanding as of the expiration date, the allocation provision does not
 9 expire until all of the bonds or other obligations are no longer
 10 outstanding. The allocation provision may apply to all or part of the
 11 redevelopment project area. The allocation provision must require that
 12 any property taxes subsequently levied by or for the benefit of any
 13 public body entitled to a distribution of property taxes on taxable
 14 property in the allocation area be allocated and distributed as follows:

15 (1) Except as otherwise provided in this section, the proceeds of
 16 the taxes attributable to the lesser of:

17 (A) the assessed value of the property for the assessment date
 18 with respect to which the allocation and distribution is made;

19 or

20 (B) the base assessed value;

21 shall be allocated to and, when collected, paid into the funds of
 22 the respective taxing units.

23 (2) Except as otherwise provided in this section, property tax
 24 proceeds in excess of those described in subdivision (1) shall be
 25 allocated to the redevelopment district and, when collected, paid
 26 into an allocation fund for that allocation area that may be used by
 27 the redevelopment district only to do one (1) or more of the
 28 following:

29 (A) Pay the principal of and interest on any obligations
 30 payable solely from allocated tax proceeds which are incurred
 31 by the redevelopment district for the purpose of financing or
 32 refinancing the redevelopment of that allocation area.

33 (B) Establish, augment, or restore the debt service reserve for
 34 bonds payable solely or in part from allocated tax proceeds in
 35 that allocation area.

36 (C) Pay the principal of and interest on bonds payable from
 37 allocated tax proceeds in that allocation area and from the
 38 special tax levied under section 27 of this chapter.

- 1 (D) Pay the principal of and interest on bonds issued by the
- 2 unit to pay for local public improvements in or serving that
- 3 allocation area.
- 4 (E) Pay premiums on the redemption before maturity of bonds
- 5 payable solely or in part from allocated tax proceeds in that
- 6 allocation area.
- 7 (F) Make payments on leases payable from allocated tax
- 8 proceeds in that allocation area under section 25.2 of this
- 9 chapter.
- 10 (G) Reimburse the unit for expenditures made by it for local
- 11 public improvements (which include buildings, parking
- 12 facilities, and other items described in section 25.1(a) of this
- 13 chapter) in or serving that allocation area.
- 14 (H) Reimburse the unit for rentals paid by it for a building or
- 15 parking facility in or serving that allocation area under any
- 16 lease entered into under IC 36-1-10.
- 17 (I) Pay all or a part of a property tax replacement credit to
- 18 taxpayers in an allocation area as determined by the
- 19 redevelopment commission. This credit equals the amount
- 20 determined under the following STEPS for each taxpayer in a
- 21 taxing district (as defined in IC 6-1.1-1-20) that contains all or
- 22 part of the allocation area:
- 23 STEP ONE: Determine that part of the sum of the amounts
- 24 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
- 25 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
- 26 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
- 27 STEP TWO: Divide:
- 28 (i) that part of each county's eligible property tax
- 29 replacement amount (as defined in IC 6-1.1-21-2) for that
- 30 year as determined under IC 6-1.1-21-4 that is attributable to
- 31 the taxing district; by
- 32 (ii) the STEP ONE sum.
- 33 STEP THREE: Multiply:
- 34 (i) the STEP TWO quotient; times
- 35 (ii) the total amount of the taxpayer's taxes (as defined in
- 36 IC 6-1.1-21-2) levied in the taxing district that have been
- 37 allocated during that year to an allocation fund under this
- 38 section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in

1 the manner prescribed in subdivision (1). The commission may
 2 not authorize an allocation of assessed value to the respective
 3 taxing units under this subdivision if to do so would endanger
 4 the interests of the holders of bonds described in subdivision
 5 (2) or lessors under section 25.3 of this chapter.

6 (c) For the purpose of allocating taxes levied by or for any taxing
 7 unit or units, the assessed value of taxable property in a territory in the
 8 allocation area that is annexed by any taxing unit after the effective date
 9 of the allocation provision of the declaratory resolution is the lesser of:

- 10 (1) the assessed value of the property for the assessment date with
 11 respect to which the allocation and distribution is made; or
 12 (2) the base assessed value.

13 (d) Property tax proceeds allocable to the redevelopment district
 14 under subsection (b)(2) may, subject to subsection (b)(3), be
 15 irrevocably pledged by the redevelopment district for payment as set
 16 forth in subsection (b)(2).

17 (e) Notwithstanding any other law, each assessor shall, upon petition
 18 of the redevelopment commission, reassess the taxable property situated
 19 upon or in, or added to, the allocation area, effective on the next
 20 assessment date after the petition.

21 (f) Notwithstanding any other law, the assessed value of all taxable
 22 property in the allocation area, for purposes of tax limitation, property
 23 tax replacement, and formulation of the budget, tax rate, and tax levy
 24 for each political subdivision in which the property is located is the
 25 lesser of:

- 26 (1) the assessed value of the property as valued without regard to
 27 this section; or
 28 (2) the base assessed value.

29 (g) If any part of the allocation area is located in an enterprise zone
 30 created under IC 5-28-15, the unit that designated the allocation area
 31 shall create funds as specified in this subsection. A unit that has
 32 obligations, bonds, or leases payable from allocated tax proceeds under
 33 subsection (b)(2) shall establish an allocation fund for the purposes
 34 specified in subsection (b)(2) and a special zone fund. Such a unit shall,
 35 until the end of the enterprise zone phase out period, deposit each year
 36 in the special zone fund any amount in the allocation fund derived from
 37 property tax proceeds in excess of those described in subsection (b)(1)
 38 from property located in the enterprise zone that exceeds the amount

sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section.** However, the ~~adjustment~~ **adjustments under this subsection** may not include the effect of property tax abatements under IC 6-1.1-12.1, and ~~the adjustment~~ **these adjustments** may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment **or annual adjustment** had not occurred. The

department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 41. IC 36-7-15.1-26, AS AMENDED BY P.L.216-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the

- 1 effective date of the allocation provision.
- 2 (2) If an allocation provision is adopted after June 30, 1997, in a
- 3 declaratory resolution or an amendment to a declaratory resolution
- 4 establishing a redevelopment project area:
- 5 (A) the net assessed value of all the property as finally
- 6 determined for the assessment date immediately preceding the
- 7 effective date of the allocation provision of the declaratory
- 8 resolution, as adjusted under subsection (h); plus
- 9 (B) to the extent that it is not included in clause (A), the net
- 10 assessed value of property that is assessed as residential
- 11 property under the rules of the department of local government
- 12 finance, as finally determined for any assessment date after the
- 13 effective date of the allocation provision.
- 14 (3) If:
- 15 (A) an allocation provision adopted before June 30, 1995, in a
- 16 declaratory resolution or an amendment to a declaratory
- 17 resolution establishing a redevelopment project area expires
- 18 after June 30, 1997; and
- 19 (B) after June 30, 1997, a new allocation provision is included
- 20 in an amendment to the declaratory resolution;
- 21 the net assessed value of all the property as finally determined for
- 22 the assessment date immediately preceding the effective date of
- 23 the allocation provision adopted after June 30, 1997, as adjusted
- 24 under subsection (h).
- 25 (4) Except as provided in subdivision (5), for all other allocation
- 26 areas, the net assessed value of all the property as finally
- 27 determined for the assessment date immediately preceding the
- 28 effective date of the allocation provision of the declaratory
- 29 resolution, as adjusted under subsection (h).
- 30 (5) If an allocation area established in an economic development
- 31 area before July 1, 1995, is expanded after June 30, 1995, the
- 32 definition in subdivision (1) applies to the expanded part of the
- 33 area added after June 30, 1995.
- 34 (6) If an allocation area established in a redevelopment project
- 35 area before July 1, 1997, is expanded after June 30, 1997, the
- 36 definition in subdivision (2) applies to the expanded part of the
- 37 area added after June 30, 1997.
- 38 Except as provided in section 26.2 of this chapter, "property taxes"

1 means taxes imposed under IC 6-1.1 on real property. However, upon
2 approval by a resolution of the redevelopment commission adopted
3 before June 1, 1987, "property taxes" also includes taxes imposed under
4 IC 6-1.1 on depreciable personal property. If a redevelopment
5 commission adopted before June 1, 1987, a resolution to include within
6 the definition of property taxes taxes imposed under IC 6-1.1 on
7 depreciable personal property that has a useful life in excess of eight (8)
8 years, the commission may by resolution determine the percentage of
9 taxes imposed under IC 6-1.1 on all depreciable personal property that
10 will be included within the definition of property taxes. However, the
11 percentage included must not exceed twenty-five percent (25%) of the
12 taxes imposed under IC 6-1.1 on all depreciable personal property.

13 (b) A resolution adopted under section 8 of this chapter on or before
14 the allocation deadline determined under subsection (i) may include a
15 provision with respect to the allocation and distribution of property
16 taxes for the purposes and in the manner provided in this section. A
17 resolution previously adopted may include an allocation provision by
18 the amendment of that resolution on or before the allocation deadline
19 determined under subsection (i) in accordance with the procedures
20 required for its original adoption. A declaratory resolution or an
21 amendment that establishes an allocation provision after June 30, 1995,
22 must specify an expiration date for the allocation provision that may not
23 be more than thirty (30) years after the date on which the allocation
24 provision is established. However, if bonds or other obligations that
25 were scheduled when issued to mature before the specified expiration
26 date and that are payable only from allocated tax proceeds with respect
27 to the allocation area remain outstanding as of the expiration date, the
28 allocation provision does not expire until all of the bonds or other
29 obligations are no longer outstanding. The allocation provision may
30 apply to all or part of the redevelopment project area. The allocation
31 provision must require that any property taxes subsequently levied by
32 or for the benefit of any public body entitled to a distribution of
33 property taxes on taxable property in the allocation area be allocated
34 and distributed as follows:

35 (1) Except as otherwise provided in this section, the proceeds of
36 the taxes attributable to the lesser of:

37 (A) the assessed value of the property for the assessment date
38 with respect to which the allocation and distribution is made;

1 or

2 (B) the base assessed value;

3 shall be allocated to and, when collected, paid into the funds of
4 the respective taxing units.

5 (2) Except as otherwise provided in this section, property tax
6 proceeds in excess of those described in subdivision (1) shall be
7 allocated to the redevelopment district and, when collected, paid
8 into a special fund for that allocation area that may be used by the
9 redevelopment district only to do one (1) or more of the
10 following:

11 (A) Pay the principal of and interest on any obligations
12 payable solely from allocated tax proceeds that are incurred by
13 the redevelopment district for the purpose of financing or
14 refinancing the redevelopment of that allocation area.

15 (B) Establish, augment, or restore the debt service reserve for
16 bonds payable solely or in part from allocated tax proceeds in
17 that allocation area.

18 (C) Pay the principal of and interest on bonds payable from
19 allocated tax proceeds in that allocation area and from the
20 special tax levied under section 19 of this chapter.

21 (D) Pay the principal of and interest on bonds issued by the
22 consolidated city to pay for local public improvements in that
23 allocation area.

24 (E) Pay premiums on the redemption before maturity of bonds
25 payable solely or in part from allocated tax proceeds in that
26 allocation area.

27 (F) Make payments on leases payable from allocated tax
28 proceeds in that allocation area under section 17.1 of this
29 chapter.

30 (G) Reimburse the consolidated city for expenditures for local
31 public improvements (which include buildings, parking
32 facilities, and other items set forth in section 17 of this chapter)
33 in that allocation area.

34 (H) Reimburse the unit for rentals paid by it for a building or
35 parking facility in that allocation area under any lease entered
36 into under IC 36-1-10.

37 (I) Reimburse public and private entities for expenses incurred
38 in training employees of industrial facilities that are located:

- 1 (i) in the allocation area; and
- 2 (ii) on a parcel of real property that has been classified as
- 3 industrial property under the rules of the department of local
- 4 government finance.

5 However, the total amount of money spent for this purpose in
 6 any year may not exceed the total amount of money in the
 7 allocation fund that is attributable to property taxes paid by the
 8 industrial facilities described in this clause. The
 9 reimbursements under this clause must be made within three
 10 (3) years after the date on which the investments that are the
 11 basis for the increment financing are made.

12 The special fund may not be used for operating expenses of the
 13 commission.

14 (3) Before July 15 of each year, the commission shall do the
 15 following:

16 (A) Determine the amount, if any, by which the base assessed
 17 value when multiplied by the estimated tax rate of the allocated
 18 area will exceed the amount of assessed value needed to
 19 provide the property taxes necessary to make, when due,
 20 principal and interest payments on bonds described in
 21 subdivision (2) plus the amount necessary for other purposes
 22 described in subdivision (2) and subsection (g).

23 (B) Notify the county auditor of the amount, if any, of excess
 24 assessed value that the commission has determined may be
 25 allocated to the respective taxing units in the manner
 26 prescribed in subdivision (1).

27 The commission may not authorize an allocation to the respective
 28 taxing units under this subdivision if to do so would endanger the
 29 interests of the holders of bonds described in subdivision (2).

30 (c) For the purpose of allocating taxes levied by or for any taxing
 31 unit or units, the assessed value of taxable property in a territory in the
 32 allocation area that is annexed by any taxing unit after the effective date
 33 of the allocation provision of the resolution is the lesser of:

- 34 (1) the assessed value of the property for the assessment date with
- 35 respect to which the allocation and distribution is made; or
- 36 (2) the base assessed value.

37 (d) Property tax proceeds allocable to the redevelopment district
 38 under subsection (b)(2) may, subject to subsection (b)(3), be

1 irrevocably pledged by the redevelopment district for payment as set
2 forth in subsection (b)(2).

3 (e) Notwithstanding any other law, each assessor shall, upon petition
4 of the commission, reassess the taxable property situated upon or in, or
5 added to, the allocation area, effective on the next assessment date after
6 the petition.

7 (f) Notwithstanding any other law, the assessed value of all taxable
8 property in the allocation area, for purposes of tax limitation, property
9 tax replacement, and formulation of the budget, tax rate, and tax levy
10 for each political subdivision in which the property is located is the
11 lesser of:

12 (1) the assessed value of the property as valued without regard to
13 this section; or

14 (2) the base assessed value.

15 (g) If any part of the allocation area is located in an enterprise zone
16 created under IC 5-28-15, the unit that designated the allocation area
17 shall create funds as specified in this subsection. A unit that has
18 obligations, bonds, or leases payable from allocated tax proceeds under
19 subsection (b)(2) shall establish an allocation fund for the purposes
20 specified in subsection (b)(2) and a special zone fund. Such a unit shall,
21 until the end of the enterprise zone phase out period, deposit each year
22 in the special zone fund the amount in the allocation fund derived from
23 property tax proceeds in excess of those described in subsection (b)(1)
24 from property located in the enterprise zone that exceeds the amount
25 sufficient for the purposes specified in subsection (b)(2) for the year. A
26 unit that has no obligations, bonds, or leases payable from allocated tax
27 proceeds under subsection (b)(2) shall establish a special zone fund and
28 deposit all the property tax proceeds in excess of those described in
29 subsection (b)(1) in the fund derived from property tax proceeds in
30 excess of those described in subsection (b)(1) from property located in
31 the enterprise zone. The unit that creates the special zone fund shall use
32 the fund, based on the recommendations of the urban enterprise
33 association, for one (1) or more of the following purposes:

34 (1) To pay for programs in job training, job enrichment, and basic
35 skill development designed to benefit residents and employers in
36 the enterprise zone. The programs must reserve at least one-half
37 (1/2) of the enrollment in any session for residents of the
38 enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section.**

However, the ~~adjustment~~ **adjustments under this subsection** may not include the effect of property tax abatements under IC 6-1.1-12.1, and ~~the adjustment~~ **these adjustments** may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment **or annual adjustment** had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31,

2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 42. IC 36-7-15.1-53, AS AMENDED BY P.L.216-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded

city and must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the

- 1 excluded city to pay for local public improvements in that
- 2 allocation area.
- 3 (E) Pay premiums on the redemption before maturity of bonds
- 4 payable solely or in part from allocated tax proceeds in that
- 5 allocation area.
- 6 (F) Make payments on leases payable from allocated tax
- 7 proceeds in that allocation area under section 46 of this
- 8 chapter.
- 9 (G) Reimburse the excluded city for expenditures for local
- 10 public improvements (which include buildings, park facilities,
- 11 and other items set forth in section 45 of this chapter) in that
- 12 allocation area.
- 13 (H) Reimburse the unit for rentals paid by it for a building or
- 14 parking facility in that allocation area under any lease entered
- 15 into under IC 36-1-10.
- 16 (I) Reimburse public and private entities for expenses incurred
- 17 in training employees of industrial facilities that are located:
- 18 (i) in the allocation area; and
- 19 (ii) on a parcel of real property that has been classified as
- 20 industrial property under the rules of the department of local
- 21 government finance.
- 22 However, the total amount of money spent for this purpose in
- 23 any year may not exceed the total amount of money in the
- 24 allocation fund that is attributable to property taxes paid by the
- 25 industrial facilities described in this clause. The
- 26 reimbursements under this clause must be made within three
- 27 (3) years after the date on which the investments that are the
- 28 basis for the increment financing are made.
- 29 The special fund may not be used for operating expenses of the
- 30 commission.
- 31 (3) Before July 15 of each year, the commission shall do the
- 32 following:
- 33 (A) Determine the amount, if any, by which property taxes
- 34 payable to the allocation fund in the following year will exceed
- 35 the amount of assessed value needed to provide the property
- 36 taxes necessary to make, when due, principal and interest
- 37 payments on bonds described in subdivision (2) plus the
- 38 amount necessary for other purposes described in subdivision

1 (2) and subsection (g).

2 (B) Notify the county auditor of the amount, if any, of excess
3 assessed value that the commission has determined may be
4 allocated to the respective taxing units in the manner
5 prescribed in subdivision (1).

6 The commission may not authorize an allocation to the respective
7 taxing units under this subdivision if to do so would endanger the
8 interests of the holders of bonds described in subdivision (2).

9 (c) For the purpose of allocating taxes levied by or for any taxing
10 unit or units, the assessed value of taxable property in a territory in the
11 allocation area that is annexed by any taxing unit after the effective date
12 of the allocation provision of the resolution is the lesser of:

13 (1) the assessed value of the property for the assessment date with
14 respect to which the allocation and distribution is made; or

15 (2) the base assessed value.

16 (d) Property tax proceeds allocable to the redevelopment district
17 under subsection (b)(2) may, subject to subsection (b)(3), be
18 irrevocably pledged by the redevelopment district for payment as set
19 forth in subsection (b)(2).

20 (e) Notwithstanding any other law, each assessor shall, upon petition
21 of the commission, reassess the taxable property situated upon or in, or
22 added to, the allocation area, effective on the next assessment date after
23 the petition.

24 (f) Notwithstanding any other law, the assessed value of all taxable
25 property in the allocation area, for purposes of tax limitation, property
26 tax replacement, and formulation of the budget, tax rate, and tax levy
27 for each political subdivision in which the property is located, is the
28 lesser of:

29 (1) the assessed value of the property as valued without regard to
30 this section; or

31 (2) the base assessed value.

32 (g) If any part of the allocation area is located in an enterprise zone
33 created under IC 5-28-15, the unit that designated the allocation area
34 shall create funds as specified in this subsection. A unit that has
35 obligations, bonds, or leases payable from allocated tax proceeds under
36 subsection (b)(2) shall establish an allocation fund for the purposes
37 specified in subsection (b)(2) and a special zone fund. Such a unit shall,
38 until the end of the enterprise zone phase out period, deposit each year

in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to**

neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section.

However, ~~the adjustment~~ **adjustments under this subsection** may not include the effect of property tax abatements under IC 6-1.1-12.1, and ~~the adjustment~~ **these adjustments** may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment **or annual adjustment** had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 43. IC 36-7-30-25, AS AMENDED BY P.L.4-2005, SECTION 141, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the part of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax

proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in

1 IC 6-1.1-21-2) levied in the taxing district that have been
 2 allocated during that year to an allocation fund under this
 3 section.

4 If not all the taxpayers in an allocation area receive the credit
 5 in full, each taxpayer in the allocation area is entitled to receive
 6 the same proportion of the credit. A taxpayer may not receive
 7 a credit under this section and a credit under section 27 of this
 8 chapter in the same year.

9 (F) Pay expenses incurred by the reuse authority for local
 10 public improvements or structures that were in the allocation
 11 area or directly serving or benefiting the allocation area.

12 (G) Reimburse public and private entities for expenses
 13 incurred in training employees of industrial facilities that are
 14 located:

- 15 (i) in the allocation area; and
- 16 (ii) on a parcel of real property that has been classified as
 17 industrial property under the rules of the department of local
 18 government finance.

19 However, the total amount of money spent for this purpose in
 20 any year may not exceed the total amount of money in the
 21 allocation fund that is attributable to property taxes paid by the
 22 industrial facilities described in this clause. The
 23 reimbursements under this clause must be made not more than
 24 three (3) years after the date on which the investments that are
 25 the basis for the increment financing are made.

26 The allocation fund may not be used for operating expenses of the
 27 reuse authority.

28 (3) Except as provided in subsection (g), before July 15 of each
 29 year the reuse authority shall do the following:

30 (A) Determine the amount, if any, by which property taxes
 31 payable to the allocation fund in the following year will exceed
 32 the amount of property taxes necessary to make, when due,
 33 principal and interest payments on bonds described in
 34 subdivision (2) plus the amount necessary for other purposes
 35 described in subdivision (2).

36 (B) Notify the county auditor of the amount, if any, of the
 37 amount of excess property taxes that the reuse authority has
 38 determined may be paid to the respective taxing units in the

1 manner prescribed in subdivision (1). The reuse authority may
2 not authorize a payment to the respective taxing units under
3 this subdivision if to do so would endanger the interest of the
4 holders of bonds described in subdivision (2) or lessors under
5 section 19 of this chapter. Property taxes received by a taxing
6 unit under this subdivision are eligible for the property tax
7 replacement credit provided under IC 6-1.1-21.

8 (c) For the purpose of allocating taxes levied by or for any taxing
9 unit or units, the assessed value of taxable property in a territory in the
10 allocation area that is annexed by a taxing unit after the effective date
11 of the allocation provision of the declaratory resolution is the lesser of:

- 12 (1) the assessed value of the property for the assessment date with
13 respect to which the allocation and distribution is made; or
14 (2) the base assessed value.

15 (d) Property tax proceeds allocable to the military base reuse district
16 under subsection (b)(2) may, subject to subsection (b)(3), be
17 irrevocably pledged by the military base reuse district for payment as
18 set forth in subsection (b)(2).

19 (e) Notwithstanding any other law, each assessor shall, upon petition
20 of the reuse authority, reassess the taxable property situated upon or in
21 or added to the allocation area, effective on the next assessment date
22 after the petition.

23 (f) Notwithstanding any other law, the assessed value of all taxable
24 property in the allocation area, for purposes of tax limitation, property
25 tax replacement, and the making of the budget, tax rate, and tax levy for
26 each political subdivision in which the property is located is the lesser
27 of:

- 28 (1) the assessed value of the property as valued without regard to
29 this section; or
30 (2) the base assessed value.

31 (g) If any part of the allocation area is located in an enterprise zone
32 created under IC 5-28-15, the unit that designated the allocation area
33 shall create funds as specified in this subsection. A unit that has
34 obligations, bonds, or leases payable from allocated tax proceeds under
35 subsection (b)(2) shall establish an allocation fund for the purposes
36 specified in subsection (b)(2) and a special zone fund. Such a unit shall,
37 until the end of the enterprise zone phase out period, deposit each year
38 in the special zone fund any amount in the allocation fund derived from

property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base reuse district under this section.** However, the ~~adjustment~~ **adjustments under this subsection** may not include the effect of property tax abatements under IC 6-1.1-12.1, and ~~the adjustment these~~ **adjustments** may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment **or annual adjustment** had not occurred. The department of local government finance may prescribe procedures for county and township officials to

1 follow to assist the department in making the adjustments.

2 SECTION 44. IC 36-7-30.5-30, AS ADDED BY P.L.203-2005,
3 SECTION 11, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 30. (a)

5 The following definitions apply throughout this section:

6 (1) "Allocation area" means that part of a military base
7 development area to which an allocation provision of a
8 declaratory resolution adopted under section 16 of this chapter
9 refers for purposes of distribution and allocation of property taxes.

10 (2) "Base assessed value" means:

11 (A) the net assessed value of all the property as finally
12 determined for the assessment date immediately preceding the
13 adoption date of the allocation provision of the declaratory
14 resolution, as adjusted under subsection (h); plus

15 (B) to the extent that it is not included in clause (A) or (C), the
16 net assessed value of any and all parcels or classes of parcels
17 identified as part of the base assessed value in the declaratory
18 resolution or an amendment to the declaratory resolution, as
19 finally determined for any subsequent assessment date; plus

20 (C) to the extent that it is not included in clause (A) or (B), the
21 net assessed value of property that is assessed as residential
22 property under the rules of the department of local government
23 finance, as finally determined for any assessment date after the
24 effective date of the allocation provision.

25 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
26 property.

27 (b) A declaratory resolution adopted under section 16 of this chapter
28 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
29 resolutions adopted under IC 36-7-14-15 may include a provision with
30 respect to the allocation and distribution of property taxes for the
31 purposes and in the manner provided in this section. A declaratory
32 resolution previously adopted may include an allocation provision by
33 the amendment of that declaratory resolution in accordance with the
34 procedures set forth in section 18 of this chapter. The allocation
35 provision may apply to all or part of the military base development
36 area. The allocation provision must require that any property taxes
37 subsequently levied by or for the benefit of any public body entitled to
38 a distribution of property taxes on taxable property in the allocation

1 area be allocated and distributed as follows:

2 (1) Except as otherwise provided in this section, the proceeds of
3 the taxes attributable to the lesser of:

4 (A) the assessed value of the property for the assessment date
5 with respect to which the allocation and distribution is made;
6 or

7 (B) the base assessed value;

8 shall be allocated to and, when collected, paid into the funds of
9 the respective taxing units.

10 (2) Except as otherwise provided in this section, property tax
11 proceeds in excess of those described in subdivision (1) shall be
12 allocated to the development authority and, when collected, paid
13 into an allocation fund for that allocation area that may be used by
14 the development authority and only to do one (1) or more of the
15 following:

16 (A) Pay the principal of and interest and redemption premium
17 on any obligations incurred by the development authority or
18 any other entity for the purpose of financing or refinancing
19 military base development or reuse activities in or directly
20 serving or benefitting that allocation area.

21 (B) Establish, augment, or restore the debt service reserve for
22 bonds payable solely or in part from allocated tax proceeds in
23 that allocation area or from other revenues of the development
24 authority, including lease rental revenues.

25 (C) Make payments on leases payable solely or in part from
26 allocated tax proceeds in that allocation area.

27 (D) Reimburse any other governmental body for expenditures
28 made for local public improvements (or structures) in or
29 directly serving or benefitting that allocation area.

30 (E) Pay all or a part of a property tax replacement credit to
31 taxpayers in an allocation area as determined by the
32 development authority. This credit equals the amount
33 determined under the following STEPS for each taxpayer in a
34 taxing district (as defined in IC 6-1.1-1-20) that contains all or
35 part of the allocation area:

36 STEP ONE: Determine that part of the sum of the amounts
37 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
38 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and

1 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
 2 STEP TWO: Divide:
 3 (i) that part of each county's eligible property tax
 4 replacement amount (as defined in IC 6-1.1-21-2) for that
 5 year as determined under IC 6-1.1-21-4 that is attributable to
 6 the taxing district; by
 7 (ii) the STEP ONE sum.
 8 STEP THREE: Multiply:
 9 (i) the STEP TWO quotient; by
 10 (ii) the total amount of the taxpayer's taxes (as defined in
 11 IC 6-1.1-21-2) levied in the taxing district that have been
 12 allocated during that year to an allocation fund under this
 13 section.
 14 If not all the taxpayers in an allocation area receive the credit
 15 in full, each taxpayer in the allocation area is entitled to receive
 16 the same proportion of the credit. A taxpayer may not receive
 17 a credit under this section and a credit under section 32 of this
 18 chapter in the same year.
 19 (F) Pay expenses incurred by the development authority for
 20 local public improvements or structures that were in the
 21 allocation area or directly serving or benefitting the allocation
 22 area.
 23 (G) Reimburse public and private entities for expenses
 24 incurred in training employees of industrial facilities that are
 25 located:
 26 (i) in the allocation area; and
 27 (ii) on a parcel of real property that has been classified as
 28 industrial property under the rules of the department of local
 29 government finance.
 30 However, the total amount of money spent for this purpose in
 31 any year may not exceed the total amount of money in the
 32 allocation fund that is attributable to property taxes paid by the
 33 industrial facilities described in this clause. The
 34 reimbursements under this clause must be made not more than
 35 three (3) years after the date on which the investments that are
 36 the basis for the increment financing are made.
 37 The allocation fund may not be used for operating expenses of the
 38 development authority.

1 (3) Except as provided in subsection (g), before July 15 of each
2 year the development authority shall do the following:

3 (A) Determine the amount, if any, by which property taxes
4 payable to the allocation fund in the following year will exceed
5 the amount of property taxes necessary to make, when due,
6 principal and interest payments on bonds described in
7 subdivision (2) plus the amount necessary for other purposes
8 described in subdivision (2).

9 (B) Notify the appropriate county auditor of the amount, if
10 any, of the amount of excess property taxes that the
11 development authority has determined may be paid to the
12 respective taxing units in the manner prescribed in subdivision
13 (1). The development authority may not authorize a payment
14 to the respective taxing units under this subdivision if to do so
15 would endanger the interest of the holders of bonds described
16 in subdivision (2) or lessors under section 24 of this chapter.
17 Property taxes received by a taxing unit under this subdivision
18 are eligible for the property tax replacement credit provided
19 under IC 6-1.1-21.

20 (c) For the purpose of allocating taxes levied by or for any taxing
21 unit or units, the assessed value of taxable property in a territory in the
22 allocation area that is annexed by a taxing unit after the effective date
23 of the allocation provision of the declaratory resolution is the lesser of:

- 24 (1) the assessed value of the property for the assessment date with
25 respect to which the allocation and distribution is made; or
26 (2) the base assessed value.

27 (d) Property tax proceeds allocable to the military base development
28 district under subsection (b)(2) may, subject to subsection (b)(3), be
29 irrevocably pledged by the military base development district for
30 payment as set forth in subsection (b)(2).

31 (e) Notwithstanding any other law, each assessor shall, upon petition
32 of the development authority, reassess the taxable property situated
33 upon or in or added to the allocation area, effective on the next
34 assessment date after the petition.

35 (f) Notwithstanding any other law, the assessed value of all taxable
36 property in the allocation area, for purposes of tax limitation, property
37 tax replacement, and the making of the budget, tax rate, and tax levy for
38 each political subdivision in which the property is located is the lesser

1 of:

2 (1) the assessed value of the property as valued without regard to
3 this section; or

4 (2) the base assessed value.

5 (g) If any part of the allocation area is located in an enterprise zone
6 created under IC 5-28-15, the development authority shall create funds
7 as specified in this subsection. A development authority that has
8 obligations, bonds, or leases payable from allocated tax proceeds under
9 subsection (b)(2) shall establish an allocation fund for the purposes
10 specified in subsection (b)(2) and a special zone fund. The development
11 authority shall, until the end of the enterprise zone phase out period,
12 deposit each year in the special zone fund any amount in the allocation
13 fund derived from property tax proceeds in excess of those described
14 in subsection (b)(1) from property located in the enterprise zone that
15 exceeds the amount sufficient for the purposes specified in subsection
16 (b)(2) for the year. The amount sufficient for purposes specified in
17 subsection (b)(2) for the year shall be determined based on the pro rata
18 part of such current property tax proceeds from the part of the
19 enterprise zone that is within the allocation area as compared to all such
20 current property tax proceeds derived from the allocation area. A
21 development authority that does not have obligations, bonds, or leases
22 payable from allocated tax proceeds under subsection (b)(2) shall
23 establish a special zone fund and deposit all the property tax proceeds
24 in excess of those described in subsection (b)(1) that are derived from
25 property in the enterprise zone in the fund. The development authority
26 that creates the special zone fund shall use the fund (based on the
27 recommendations of the urban enterprise association) for programs in
28 job training, job enrichment, and basic skill development that are
29 designed to benefit residents and employers in the enterprise zone or for
30 other purposes specified in subsection (b)(2), except that where
31 reference is made in subsection (b)(2) to an allocation area it shall refer
32 for purposes of payments from the special zone fund only to that part
33 of the allocation area that is also located in the enterprise zone. The
34 programs shall reserve at least one-half (1/2) of their enrollment in any
35 session for residents of the enterprise zone.

36 (h) After each general reassessment under IC 6-1.1-4, the
37 department of local government finance shall adjust the base assessed
38 value one (1) time to neutralize any effect of the general reassessment

on the property tax proceeds allocated to the military base development district under this section. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base development district under this section.** However, the ~~adjustment~~ **adjustments under this subsection** may not include the effect of property tax abatements under IC 6-1.1-12.1, and ~~the adjustment~~ **these adjustments** may not produce less property tax proceeds allocable to the military base development district under subsection (b)(2) than would otherwise have been received if the general reassessment **or annual adjustment** had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 45. IC 36-7-32-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
 Sec. 19. (a) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department of local government finance consider appropriate for the implementation of an allocation area under this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the certified technology park fund under section 17 of this chapter. **After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the certified technology park fund under section 17 of this chapter."**

Page 47, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 41. [EFFECTIVE MAY 10, 2005 (RETROACTIVE)]
An organization located in a county containing a consolidated city that filed a tax exemption application in 2004 but failed to attend the exemption hearing held by the county property tax assessment board of appeals is entitled to the same percentage of exemption on the organization's property as the organization was granted by the

1 county property tax assessment board of appeals for a tax
2 exemption application filed in 2005.

3 SECTION 42. [EFFECTIVE UPON PASSAGE] (a) The
4 definitions in IC 6-1.1-12.1 apply throughout this SECTION.

5 (b) As used in this SECTION, "department" refers to the
6 department of local government finance.

7 (c) As used in this SECTION, "taxpayer" means a person:

8 (1) who operates a grey iron foundry located in Grant County;

9 (2) who applied in 2001 for property tax deductions under
10 IC 6-1.1-12.1 for new manufacturing equipment located in an
11 economic revitalization area; and

12 (3) whose applications described in subdivision (2) were
13 denied.

14 (d) References to the Indiana Code in this SECTION refer to the
15 Indiana Code in effect on March 1, 2001, unless otherwise stated.

16 (e) Notwithstanding any other law, a taxpayer who complies
17 with the requirements of this SECTION is entitled to the property
18 tax deduction for new manufacturing equipment in the amounts
19 and for the number of years provided under IC 6-1.1-12.1-4.5, as
20 determined by the department under subsection (h).

21 (f) The taxpayer shall provide the department with copies of the
22 taxpayer's:

23 (1) statement of benefits; and

24 (2) applications for deductions from assessed value;

25 for new manufacturing equipment placed in service in an economic
26 revitalization area that the taxpayer filed in 2001.

27 (g) If there are any deficiencies in the taxpayer's filings
28 described in subsection (f), the department of local government
29 finance shall assist the taxpayer in completing the information
30 necessary to determine:

31 (1) the assessed value of the new manufacturing equipment;
32 and

33 (2) the number of years over which the taxpayer is entitled to
34 the deduction under this SECTION.

35 (h) The department shall determine:

36 (1) the amount of the assessed value of the new manufacturing
37 equipment;

38 (2) the number of years over which the taxpayer is entitled to

1 the deduction under this SECTION; and

2 (3) the percentages used to compute the taxpayer's
3 deductions;

4 in accordance with IC 6-1.1-12.1-4.5(d) and IC 6-1.1-12.1-4.5(e) as
5 if the taxpayer's applications for deductions had been approved in
6 2001.

7 (i) Notwithstanding IC 6-1.1-26 (as in effect on January 1, 2006),
8 when the department has completed the department's
9 determinations under subsection (h), the department shall issue an
10 order to the county auditor of the county in which the economic
11 revitalization area is located:

12 (1) describing the department's determinations under
13 subsection (h); and

14 (2) requiring the county auditor to accept the taxpayer's
15 refund claims as if the taxpayer's deduction applications had
16 been approved in 2001.

17 The department shall provide the taxpayer with a copy of the order
18 issued under this subsection.

19 (j) Notwithstanding IC 6-1.1-26 (as in effect January 1, 2006),
20 the taxpayer may file refund claims for property taxes paid in
21 previous years that are affected by the department's order issued
22 under subsection (i). The taxpayer must attach a copy of the order
23 issued under subsection (i) to the taxpayer's refund claim.

24 (k) Notwithstanding IC 6-1.1-26 (as in effect January 1, 2006),
25 the county auditor shall pay the refund claims of the taxpayer filed
26 under subsection (j) if the refund claims are fully consistent with
27 the department's order issued under subsection (i).

28 SECTION 43. [EFFECTIVE JANUARY 1, 2007] IC 6-1.1-12.5, as
29 added by this act, applies only to property taxes first due and
30 payable after December 31, 2007.

31 SECTION 44. [EFFECTIVE UPON PASSAGE] (a)
32 IC 6-1.1-20.9-1 and IC 6-1.1-20.9-2, both as amended by this act,
33 apply to property taxes first due and payable after December 31,
34 2006.

35 (b) The department of local government finance may adopt
36 temporary rules in the manner provided for the adoption of
37 emergency rules under IC 4-22-2-37.1 to implement this act. A
38 temporary rule adopted under this subsection expires on the

- 1 **earliest of the following:**
- 2 **(1) The date that the department of local government finance**
- 3 **adopts another temporary rule under this subsection that**
- 4 **repeals, amends, or supersedes the previously adopted**
- 5 **temporary rule.**
- 6 **(2) The date that the department of local government finance**
- 7 **adopts a permanent rule under IC 4-22-2 that repeals,**
- 8 **amends, or supersedes the previously adopted temporary rule.**
- 9 **(3) The date specified in the temporary rule.**
- 10 **(4) December 31, 2008."**
- 11 Renumber all SECTIONS consecutively.
- (Reference is to SB 260 as reprinted January 24, 2006.)

and when so amended that said bill do pass.

Representative Espich